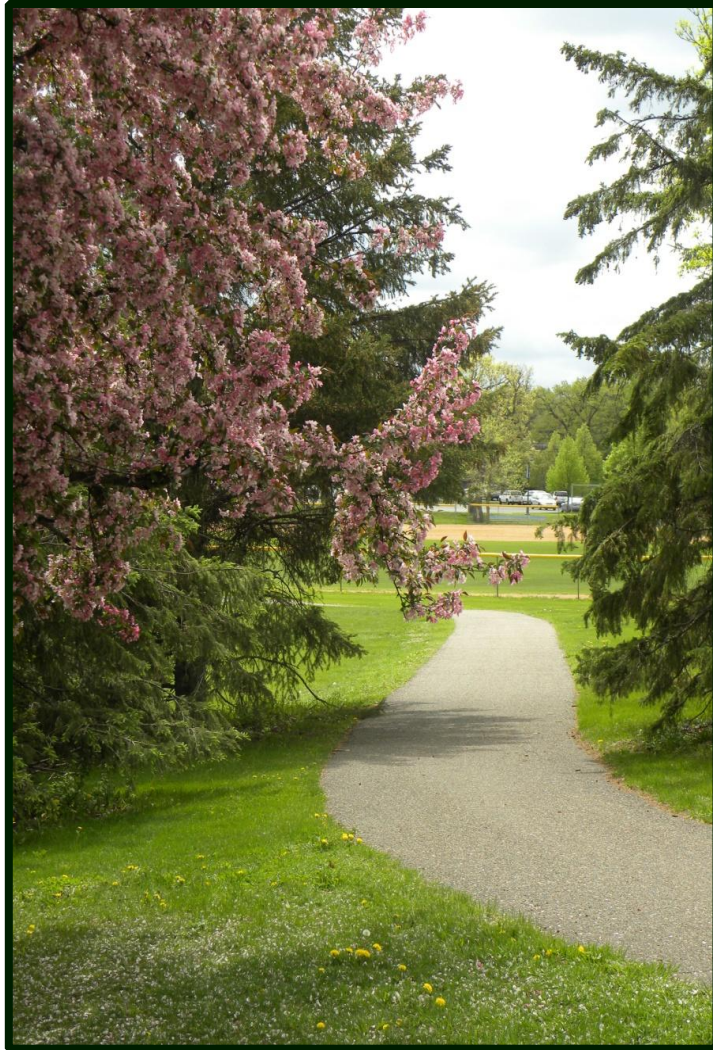


City of Shoreview, Minnesota

## *2012 Comprehensive Infrastructure Replacement Plan and Policy*

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## Table of Contents

### Introduction

Overview.....	4-9
Policy Summary (one page presentation).....	10-11

### Operating and Capital Projections

Governmental Funds.....	12-27
Street Renewal Fund.....	12-15
MSA Fund.....	16-17
General Fixed Asset Replacement Fund.....	18-27
Proprietary Funds.....	28-45
Water Fund.....	30-33
Sewer Fund.....	34-36
Surface Water Management Fund.....	37-39
Street Lighting Fund.....	40-42
Central Garage Fund.....	43-45

### Capital Replacement Policies

Comprehensive Infrastructure Replacement Policy.....	46-49
Street Renewal Policy.....	50-52

# Overview

## Comprehensive Infrastructure Replacement Plan

### Introduction

Planning and providing financing for capital replacement costs is a difficult challenge that involves evaluating assets and their expected useful lives, determining appropriate repair and replacement strategies (including timing), projecting repair and replacement costs, examining financing options, determining bonding levels, estimating user fees and tax levies, and evaluating the impact on property owners.

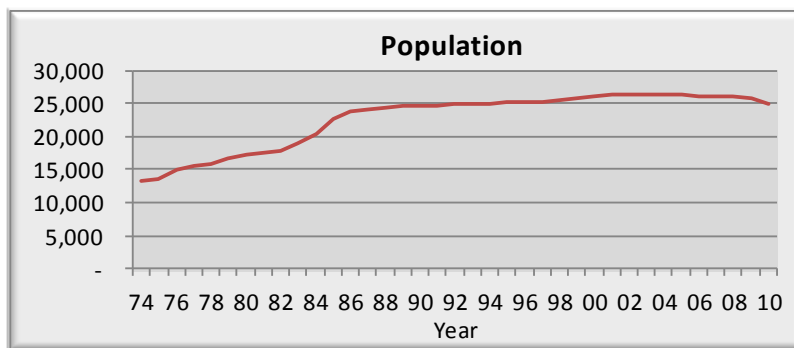
Government entities across the country address this issue in different ways. Some governments plan for capital repair and replacement costs on an annual basis through the budget process; while others plan for replacement needs through a broader capital improvement program (CIP) that typically covers five to six years. Both of these approaches are important components of any capital planning process; but neither provides enough information about future replacement needs to completely evaluate the long-term impact on citizens and property owners.

To expand the discussion and improve long-term planning efforts, the Shoreview City Council adopted a Comprehensive Infrastructure Replacement Policy in 1992. The policy requires the preparation of an annual Comprehensive Infrastructure Replacement Plan (CHIRP) addressing estimated replacement costs (for a minimum of 40 years) and an analysis of the impact on financing sources (primarily tax levies and user fees). The plan provides an ongoing analytical framework for capital projections (replacements and additions) as well as the resulting impact on tax levies and user fees. This document contains the current result of that analysis.

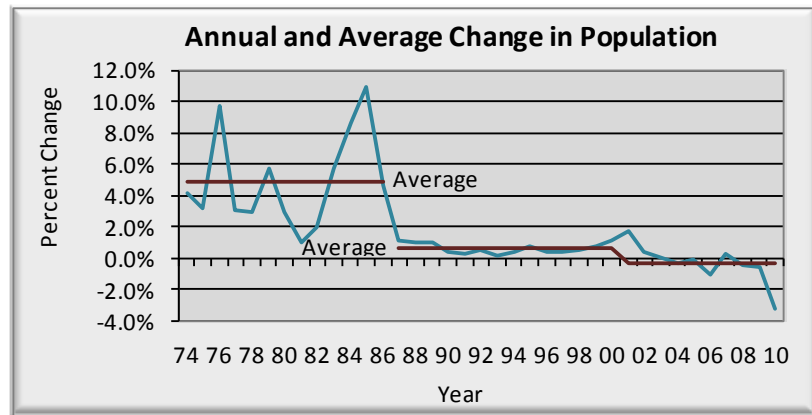
### Community Profile

Shoreview offers a full range of services to its 25,000 residents. The annual operating budget is \$23 million, including debt service funds (and excluding transfers between funds). Of that amount, the general fund budget is \$8 million. These budget levels are low in comparison to communities of similar size in the metro area and result in City property taxes and spending per capita well below the average for comparison cities. This puts additional pressure on the City to plan ahead for capital costs in an effort to avoid sharp increases in taxes and user fees.

From 1970 to 1986 Shoreview experienced high population growth, with an average annual change near 5% per year. Growth in total property value during these years provided substantial increases in revenues which helped the City develop high quality community services and facilities.



In more recent years the City has moved closer toward full development. For instance, population growth slowed to an annual average of less than one percent per year from the mid 1980s through the year 2000, and since the year 2000 population has decreased about one third of one percent annually (.34%).



Because Shoreview has been near full development for more than two decades, repair and replacement costs account for approximately 81 percent of total capital costs (excluding the planned addition of a water treatment facility) in the most recent 5-year CIP. Recognizing this shift in the City's life cycle in the 1980s (from a developing community to fully developed), adopting policies designed to address the changing emphasis, and executing the plan on an annual basis has been essential to maintaining a quality infrastructure system that meets the needs of the community.

## Policy Objectives

Shoreview's CHIRP policy and plan are designed to achieve several objectives including:

- **Create a permanent program** – For more than two decades the City has incorporated infrastructure replacement estimates into short and long-term financial planning in part because examining capital needs will in advance helps identify trends, creates opportunities to carefully consider financing strategies and helps the City maintain quality systems that support services.
- **Moderate changes in the tax levy and user fees** – Sharp changes in tax levies and user fees are unacceptable to citizens, business owners and elected officials. Since large unanticipated capital costs would likely force significant changes in these revenue sources, Shoreview's policy emphasizes the examination of capital replacement needs on a long-term basis which allows the City to adjust levies and user fees in a more gradual manner.
- **Plan carefully for new debt** – By considering capital costs over the long term, the City has greater ability to balance the use of current resources versus bonded debt well in advance. This allows the City to accumulate necessary resources in advance to avoid bonding for capital costs in some instances, with reduces reliance on bonded debt where appropriate.
- **Limit special assessments** – Shoreview's strict assessment policy limits the use of property assessments to once per improvement type, due to the belief that the entire community shares the responsibility for the replacement of infrastructure. Therefore, tax levies and user fees (rather than future special assessments) are designed to support replacement costs.

To ensure that Shoreview's long-term planning is successful in meeting these objectives, the infrastructure replacement policy also requires:

- Disclosure of proposed financing mechanisms
- Compliance with the City's fund balance policy and the fund balance objectives stated in the policy
- Analysis of revenue sources used to finance capital replacements, including tax levies, utility rates, user charges and inter-fund charges

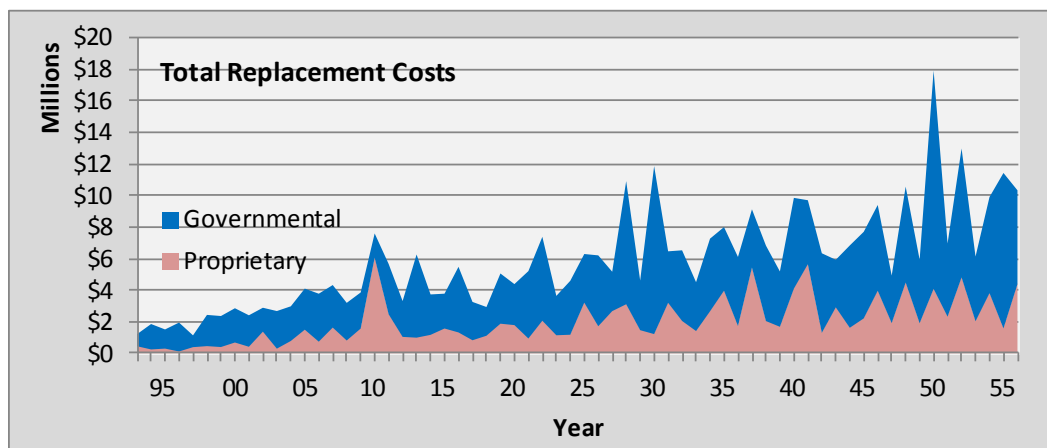
The City's infrastructure replacement policy identifies potential funding sources for each class of asset, provides restrictions for resources dedicated to replacement costs, and establishes a formal process to authorize a deviation from the policy. In order to deviate from the restrictions outlined in the CHIRP policy, the City Council must follow one of two procedures: 1) declare a financial emergency by at least a four-fifths vote, or 2) conduct a public hearing to declare its intent and invite public input. Notice of the hearing must be provided to the public in each newspaper of general circulation throughout Shoreview at least 30 days prior to the hearing, and the notice must also include the amount and intended purpose of the proposed expenditure.

The policy also defines eligible replacement costs for each fund and establishes a structure for the accumulation of resources dedicated to replacement costs. Capital project funds, enterprise funds and an internal service fund account for capital replacement costs. These funds are described in the next section.

## Capital Replacements

Replacement projections and the associated funding mechanisms are separated into two sections, governmental assets (formerly referred to as general fixed assets) and proprietary assets. Replacement of governmental assets is accounted for within capital project funds, and proprietary assets are accounted for within enterprise and internal service funds.

Over the next 40 years this plan provides for the replacement of \$179 million in governmental assets and \$92 million in proprietary assets, for a total of \$271 million in asset replacements. The graph below shows historical and projected replacement estimates.

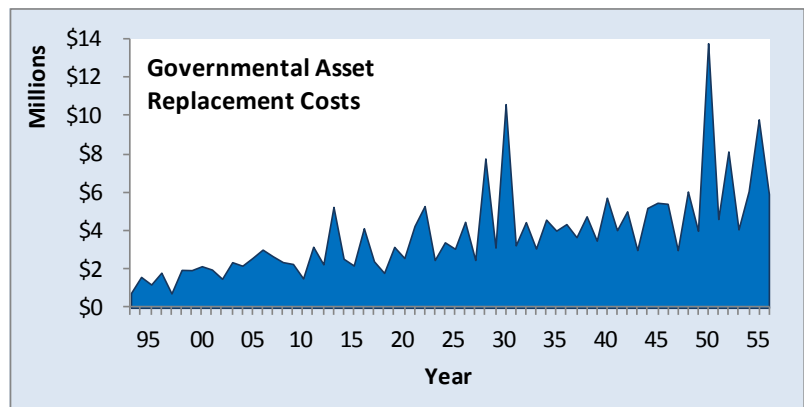


## Governmental Assets

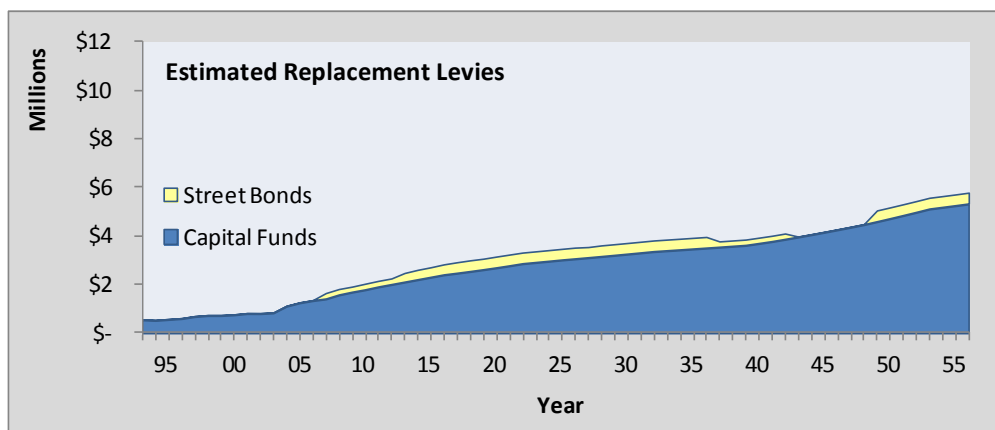
Governmental asset replacement costs are accounted for within three capital project revolving funds: the Street Renewal Fund, MSA Fund, and the General Fixed Asset Fund. Replacement costs include residential streets, public safety buildings, public safety equipment, city hall and community center remodeling, furnishings, mechanical systems, data processing systems, park buildings, park improvements and trails. Because expenditures for these assets are accounted for within governmental funds, depreciation is recorded at the entity-wide level only. The two capital project funds that account for governmental asset replacements, in effect, pick up where fund accounting leaves off.



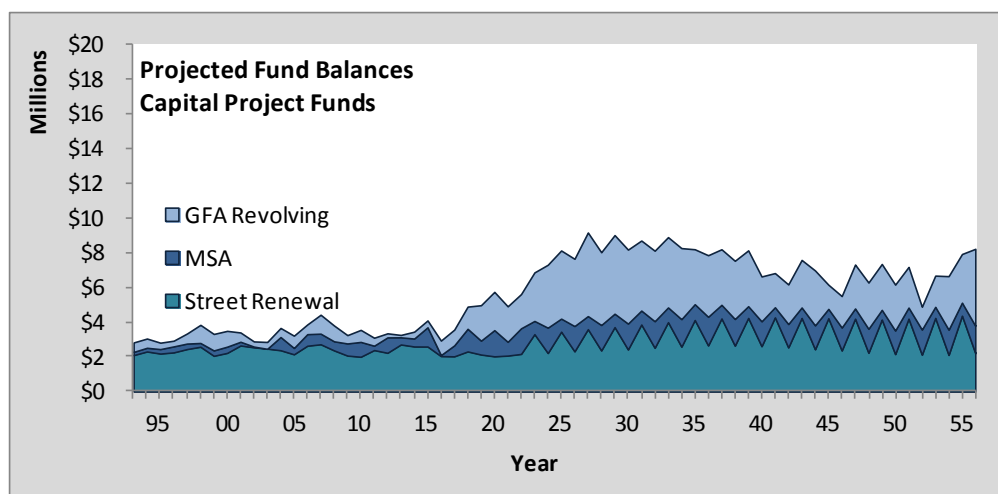
Projections indicate that this plan provides for the replacement of \$78 million in general assets during the first twenty years and another \$101 million in the 20 years after that. As shown in the graph at right, projected replacement costs vary greatly between years (due to the size and nature of specific projects). Resources and fund balances are designed to provide a stable source of funds to finance capital costs.



Primary sources of funds for governmental asset replacements include tax levies, MSA (state aid for collector streets), investment interest earnings and street improvement bonds. Over the next 5 years, changes in the replacement portion of the City's levy (including the levy for street bonds) cause an average annual increase in the total tax of 1.4 percent annually. After 2016, the average impact drops to less than one percent per year. The portion of the annual property tax levy dedicated to replacement costs is shown in the graph below.

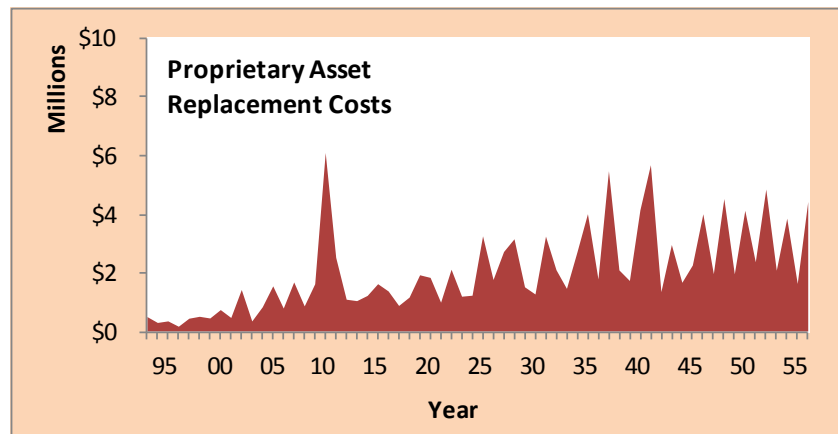


Fund balances in governmental funds are maintained at or above policy objectives, despite capital costs that vary dramatically from year to year, and tax levies that grow at modest rates. The graph below illustrates combined fund balances for the Infrastructure Reserve (street renewal), MSA and General Fixed Asset Revolving Funds.



## Proprietary Assets

Replacements of proprietary assets are accounted for within four enterprise funds and one internal service fund. Eligible replacement costs include all water, sewer, surface water, street lighting, buildings, vehicles and equipment owned by each fund. Projections indicate this plan provides for the replacement of \$34 million in proprietary assets during the first twenty years and another \$58 million in the second twenty years. As with governmental assets, the size and nature of some improvements cause total replacement costs to vary greatly from year to year. The graph below shows historical and projected proprietary asset replacement costs. Detailed replacement projections for all proprietary assets are presented later in this report.



To ensure adequate funding of proprietary asset replacements, the City's policy requires the preparation of a 20-year operating plan at least once every five years. The plan must include examination of operating projections, capital replacement costs, estimated debt issuance, and capital additions, and the information must be used to analyze and recommend future utility rates and inter-fund charges. As a practical matter, the City prepares 5-year operating projections annually as part of the Budget, Five-Year Operating Plan (FYOP) and utility rate setting process. Because the 2011 CHIRP contained 20-year operating projections, this document contains an abbreviated set of operating projections that are also presented in the City's FYOP.

For 2012, the City is in the final year of a five-year program to close the gap between revenue and expense in enterprise funds. Once these adjustments are complete, the average annual increase in utility rates will be driven primarily by operating and capital needs. The projected annual change in the total average utility bill for the next several years is 3.7 percent (covering water, sewer, surface water, and street lighting). A 6 percent adjustment over two years will likely be necessary to accommodate debt service associated with the construction of a water treatment plant in 2016.

Operating projections for the Central Garage Fund (an internal service fund), including inter-fund charges, are included in this plan. The inter-fund charges are designed to support operating costs of the maintenance center facility as well as repair and maintenance of the building, vehicles and equipment. Projections, which are updated annually, indicate that rental fees are projected to be at or below inflation rates over the next twenty years.



## Bonded Debt

This infrastructure replacement plan assumes the use of bonding to support a portion of replacement costs, and for the addition of a water treatment facility. Estimated debt issuance over the next 10 years is as follows:

\$ 2.8 million	Water system replacements
\$ 9.0 million	Water treatment facility added
\$ 2.2 million	Sewer system replacements
\$ 2.2 million	Surface water system replacements
\$ 1.1 million	Special assessment debt, added improvements
\$ 5.0 million	Street rehabilitation
\$22.3 million	Total Projected 10-Year Debt Issuance

During this same period, the City will retire \$19.7 million in debt.

## Summary

The City Council has, through the adoption of the infrastructure replacement policy, demonstrated their commitment to maintaining quality services and facilities through regular long-term financial planning efforts. This support is essential because planning for replacement costs becomes more important as assets age and as a community reaches full development.

Over the last 20 years Shoreview has funded replacement costs and preserved high quality services while maintaining lower tax rates and user fees. To evaluate how Shoreview compares to 28 metro area Cities (of similar size), a Community Benchmarks booklet is prepared annually for property tax, tax rate and spending comparisons. The 2011 data indicates that Shoreview is 5<sup>th</sup> lowest among comparison cities for the City-share of the property tax bill, is 6<sup>th</sup> lowest for the City property tax rate, and is 24% below the average per capita total spending. Shoreview's emphasis on long-range planning will help the City maintain this favorable comparison into the future, and remain an attractive location for area business and homeowners.

We hope our efforts to provide for infrastructure replacement will encourage other government jurisdictions to be innovative in planning for the future financing of government services and facilities.

Cities are often being challenged to run their organizations more like a business. Because proprietary operations are the only funds that record depreciation expense within the fund, this infrastructure replacement plan was developed to pick up where traditional accounting leaves off. We believe government must plan and budget beyond yearly budget cycles or periodic economic fluctuations to avoid jumping from crisis to crisis.

This infrastructure replacement plan helps the City identify current and future resources needed to maintain quality facilities for Shoreview citizens. This, in turn, helps maintain reasonable tax levies and user fees, strong financial condition, moderate debt levels, and high bond ratings in the future.

# Comprehensive Infrastructure Replacement Policy

## Summary of Policy Requirements and Provisions

Policy Adopted November 16, 1992, Resolution #92-1984 and  
Revised October 21, 1996, Resolution #96-119

An abbreviated summary of the City's replacement policy is provided in the table below and on the facing page. It should be noted that in all cases investment interest remains in the fund, and inter-fund loans are subject to Council approval (repaid with interest).

Description	Governmental (General) Assets		
	Infrastructure Reserve (Street Renewal)	General Fixed Asset Revolving	Internal Service Assets
			Central Garage
Replacement projections	40 years	40 years	40 years
New improvement projections	Not applicable	Not applicable	10 years
Operating projections	40 years	40 years	20 years
Source of revenue	Property taxes Investment interest Other future revenues	Property taxes Investment interest Other future revenues	Rental fees Investment interest All other revenues
Eligible expenditures	Street reconstruction Street resurfacing Sealcoating Crack filling	Public safety equipment, public safety buildings, street lights, city hall building, furnishings and mechanical systems, data processing system, park buildings and improvements and trails	Central garage equipment, buildings and other central garage fund assets
Minimum fund or cash balance	Two million dollars	None	Half of operating costs
Targeted working capital target	2-3 years	1 year	4 months
Debt restrictions	Declare replacement monies as source of funding when bonds are authorized and/or Council approves transfers to the debt fund.		Equipment certificates allowed, however current resources are preferred
Procedure required to deviate from definition of eligible costs	4/5 vote of City Council or public notice and public hearing		Not applicable

Description	Enterprise Assets			
	Enterprise Assets			
	Water	Sewer	Surface Water	Street Lighting
Replacement projections	40 years	40 years	40 years	40 years
New improvement projections	10 years	10 years	10 years	10 years
Operating projections	20 years	20 years	20 years	20 years
Source of revenue	User fees Interest earnings Area charges Other revenue	User fees Interest earnings Area charges Other revenue	User fees Interest earnings All other revenues Other revenue	User fees Interest earnings All other revenues Other revenue
Eligible expenditures	Water systems and other water fund assets	Sewer systems and other sewer fund assets	Surface water systems and other surface water fund assets	Street lighting systems and other street lighting fund assets
Minimum fund or cash balance	One million minimum, and desired cash balance over two million dollars.	One million minimum, and desired cash balance over two million dollars.	None	None
Minimum operating, capital, debt coverage	8 months	6 months	5 months	4 months
Debt restrictions	No restrictions	No restrictions	No restrictions	No restrictions
Procedure required to deviate from definition of eligible costs	Not applicable	Not applicable	Not applicable	Not applicable

## Governmental Funds

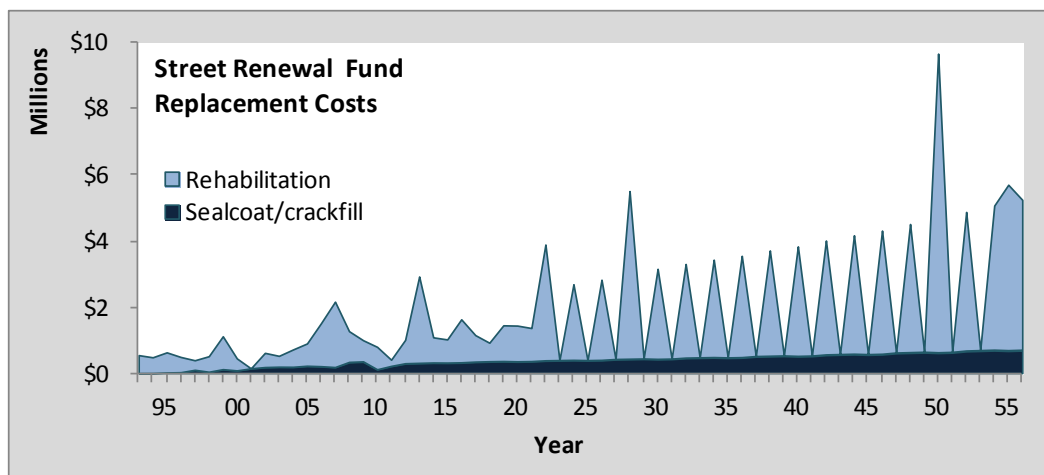
Replacement of governmental assets is accounted for within three capital project funds: the Street Renewal Fund, MSA Fund, and the General Fixed Asset Fund. This section of the CHIRP provides operating and capital projections for these funds.

### Street Renewal Fund

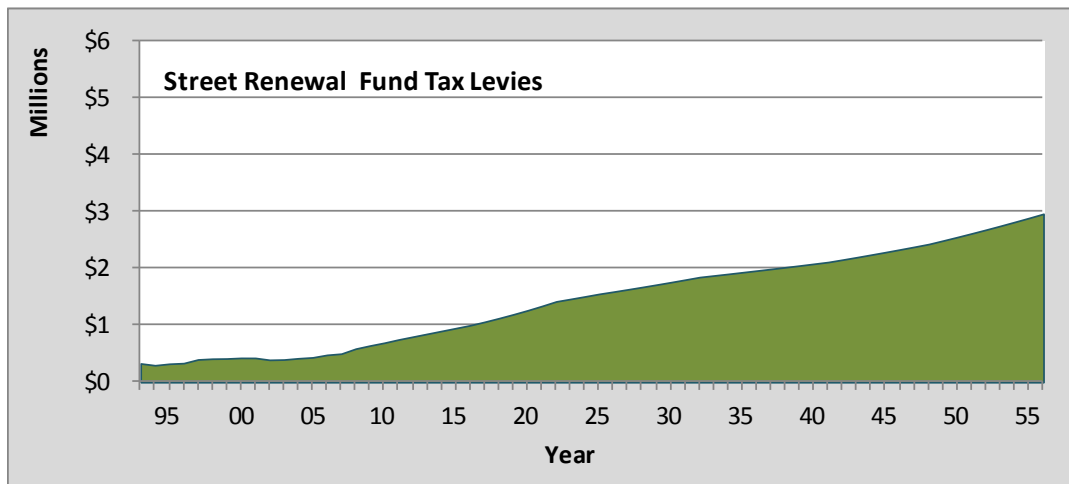
The City's Street Renewal Fund is an ongoing capital fund used to manage, finance and implement street rehabilitation efforts. The fund was created in 1985 with an initial contribution of two million dollars (obtained from bond defeasance savings) and this initial contribution is maintained as a minimum fund balance to provide an ongoing revenue stream from investment earnings. Allowable costs from the Street Renewal Fund include: street reconstruction, rehabilitation (resurfacing or full depth reclamation), seal coating and crack filling.

Long term projections indicate that the City's street rehabilitation strategies will shift away from replacements and toward pavement rehabilitation starting in 2021, because all City streets will be brought up to modern City standards by 2020. By the year 2045, the strategy will shift back to reconstruction because the concrete curb and gutter for most streets will be in excess of 50 years old, and the pavement surface will have been rehabilitated twice. To ensure adequate funding for street reconstruction (given the expected 25-year life of streets), street bonds are proposed every 5 years beginning in 2050 (at \$5 million for each bond issue). Between the annual tax levy and the street bonds the City will endeavor to replace each City street by the year 2070.

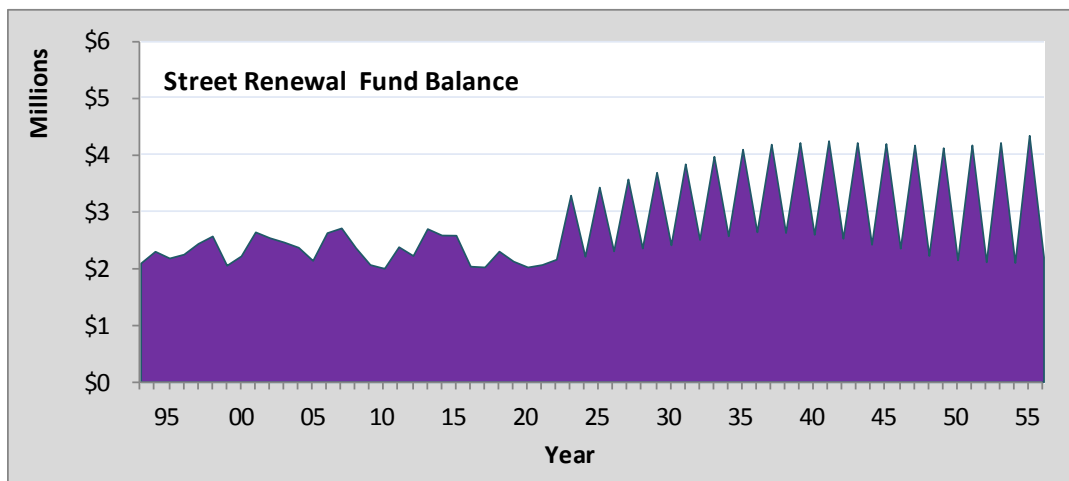
To put the scale of the street rehabilitation into perspective, over the next twenty years the Street Renewal Fund will provide for approximately \$34 million in street renewal efforts. The graph below illustrates historical and anticipated replacement costs, including those financed by street bonds.



Annual property tax levies, interest earnings and street bonds are the primary revenue sources for street rehabilitation and street replacement costs. Taxing levels for the street renewal portion of the replacement program are established to provide a predictable revenue stream with moderate increases in this portion of the tax levy, so that resources are available to support rehabilitation efforts when they are needed.



Moderate changes in the street renewal portion of the annual tax levy provide sufficient annual revenues to maintain minimum fund balances at or above minimum requirements, and support replacement costs, even though rehabilitation needs fluctuate between years, and strategies shift between rehabilitation and complete replacement. The graph below shows historical and projected Street Renewal Fund balances.



**Street Renewal Fund**  
**Operating Summary**

Year	Revenue			Street Bonds	Total Replacement Costs	Fund Balance
	Property Taxes	Interest Earnings	Special Assessments			
2011	\$ 750,000	\$ 30,100	\$ 6,621	\$ -	\$ 404,333	\$ 2,391,305
2012	800,000	35,900	12,821	-	1,004,400	2,235,626
2013	850,000	33,500	12,821	2,500,000	2,920,025	2,711,922
2014	900,000	54,200	12,821	-	1,081,050	2,597,893
2015	950,000	52,000	12,821	-	1,017,600	2,595,114
2016	1,000,000	64,900	12,821	-	1,625,800	2,047,035
2017	1,060,000	61,400	12,821	-	1,148,100	2,033,156
2018	1,124,000	61,000	12,821	-	917,700	2,313,277
2019	1,191,000	69,400	6,200	-	1,444,000	2,135,877
2020	1,262,000	64,100	6,200	-	1,435,500	2,032,677
2021	1,338,000	61,000	6,200	-	1,362,100	2,075,777
2022	1,418,000	62,300		2,500,000	3,885,800	2,170,277
2023	1,461,000	65,100		-	392,600	3,303,777
2024	1,505,000	99,100		-	2,685,600	2,222,277
2025	1,550,000	66,700		-	391,800	3,447,177
2026	1,589,000	103,400		-	2,822,000	2,317,577
2027	1,629,000	69,500		-	425,500	3,590,577
2028	1,670,000	107,700		2,500,000	5,501,000	2,367,277
2029	1,712,000	71,000		-	440,800	3,709,477
2030	1,755,000	111,300		-	3,151,600	2,424,177
2031	1,799,000	72,700		-	437,700	3,858,177
2032	1,844,000	115,700		-	3,297,900	2,519,977
2033	1,872,000	75,600		-	475,200	3,992,377
2034	1,900,000	119,800		-	3,427,700	2,584,477
2035	1,929,000	77,500		-	473,400	4,117,577
2036	1,958,000	123,500		-	3,544,300	2,654,777
2037	1,987,000	79,600		-	514,400	4,206,977
2038	2,017,000	126,200		-	3,707,600	2,642,577
2039	2,047,000	79,300		-	533,000	4,235,877
2040	2,078,000	127,100		-	3,830,600	2,610,377
2041	2,109,000	78,300		-	529,400	4,268,277
2042	2,151,000	128,000		-	4,007,400	2,539,877
2043	2,194,000	76,200		-	574,600	4,235,477
2044	2,238,000	127,100		-	4,166,000	2,434,577
2045	2,283,000	73,000		-	572,600	4,217,977
2046	2,329,000	126,500		-	4,307,400	2,366,077
2047	2,376,000	71,000		-	621,400	4,191,677
2048	2,424,000	125,800		-	4,505,700	2,235,777
2049	2,485,000	67,100		-	644,100	4,143,777
2050	2,547,000	124,300		5,000,000	9,656,800	2,158,277
2051	2,611,000	64,700		-	640,800	4,193,177
2052	2,676,000	125,800		-	4,870,900	2,124,077
2053	2,743,000	63,700		-	694,400	4,236,377
2054	2,812,000	127,100		-	5,064,000	2,111,477
2055	2,882,000	63,300		5,000,000	5,692,900	4,363,877
2056	2,954,000	130,900		-	5,237,100	2,211,677

**Street Renewal Fund**
**Capital Summary**

Year	Maintenance				Rehabilitation and Reconstruction		Neighborhood/Project	Total Capital Costs
	Street Condition Survey	Equip Charges	Crack Fill Supplies	Seal Coat	Street Bonds	Street Renewal		
2011	\$ -	\$ 9,000	\$ 10,000	\$ 198,000	\$ -	\$ 187,333	Buffalo Ln	\$ 404,333
2012	13,000	9,000	10,000	265,400	-	707,000	CRd F, Demar, Floral	1,004,400
2013	13,000	9,000	10,000	277,000	2,500,000	111,025	CRd D, Cottage Pl	2,920,025
2014	13,000	9,000	10,000	288,400		760,650	Turtle Lane	1,081,050
2015		11,000	10,000	296,500		700,100	Hansen, Oakridge	1,017,600
2016		11,000	10,000	304,400		1,300,400	Windward Heights	1,625,800
2017	15,000	11,000	10,000	310,500		801,600	Bridge, Lion	1,148,100
2018	15,000	16,000	10,000	316,700		560,000	Wabasso Neigh.	917,700
2019	15,000	16,000	10,000	323,000		1,080,000	Edgetown (1/2)	1,444,000
2020		16,000	10,000	329,500		1,080,000	Edgetown (1/2)	1,435,500
2021		16,000	10,000	336,100		1,000,000		1,362,100
2022	17,000	16,000	10,000	342,800	2,500,000	1,000,000		3,885,800
2023	17,000	16,000	10,000	349,600				392,600
2024	17,000	16,000	10,000	356,600		2,286,000		2,685,600
2025		18,000	10,000	363,800				391,800
2026		18,000	10,000	371,000		2,423,000		2,822,000
2027	19,000	18,000	10,000	378,500				425,500
2028	19,000	18,000	10,000	386,000	2,500,000	2,568,000		5,501,000
2029	19,000	18,000	10,000	393,800				440,800
2030		18,000	10,000	401,600		2,722,000		3,151,600
2031		18,000	10,000	409,700				437,700
2032	21,000	18,000	10,000	417,900		2,831,000		3,297,900
2033	21,000	18,000	10,000	426,200				475,200
2034	21,000	18,000	10,000	434,700		2,944,000		3,427,700
2035		20,000	10,000	443,400				473,400
2036		20,000	10,000	452,300		3,062,000		3,544,300
2037	23,000	20,000	10,000	461,400				514,400
2038	23,000	20,000	10,000	470,600		3,184,000		3,707,600
2039	23,000	20,000	10,000	480,000				533,000
2040		20,000	10,000	489,600		3,311,000		3,830,600
2041		20,000	10,000	499,400				529,400
2042	25,000	20,000	10,000	509,400		3,443,000		4,007,400
2043	25,000	20,000	10,000	519,600				574,600
2044	25,000	20,000	10,000	530,000		3,581,000		4,166,000
2045		22,000	10,000	540,600				572,600
2046		22,000	10,000	551,400		3,724,000		4,307,400
2047	27,000	22,000	10,000	562,400				621,400
2048	27,000	22,000	10,000	573,700		3,873,000		4,505,700
2049	27,000	22,000	10,000	585,100				644,100
2050		22,000	10,000	596,800	5,000,000	4,028,000		9,656,800
2051		22,000	10,000	608,800				640,800
2052	29,000	22,000	10,000	620,900		4,189,000		4,870,900
2053	29,000	22,000	10,000	633,400				694,400
2054	29,000	22,000	10,000	646,000		4,357,000		5,064,000
2055		24,000	10,000	658,900	5,000,000			5,692,900
2056		24,000	10,000	672,100		4,531,000		5,237,100

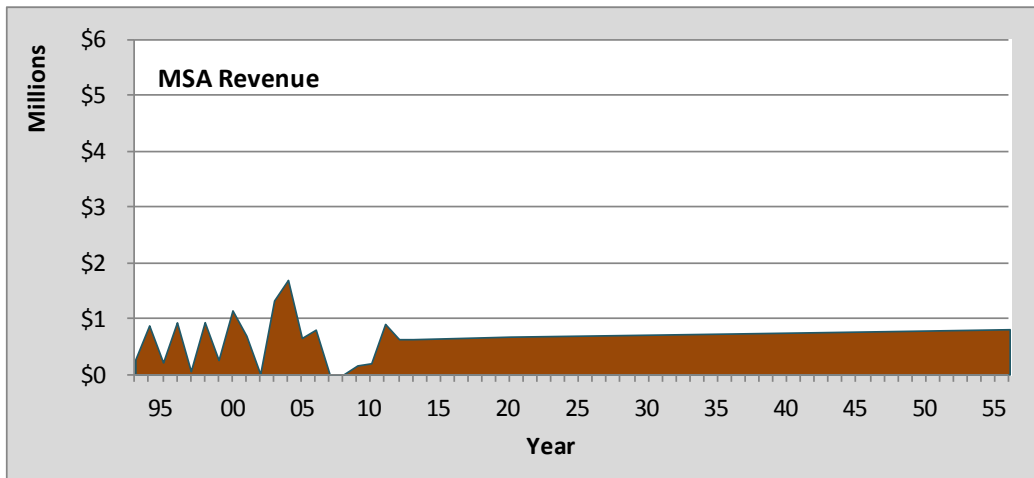


## MSA Fund

The MSA Fund receives the construction portion of the State-collected highway user tax, to be used for the rehabilitation and construction of collector routes within the City. The maintenance portion of the allocation is received by the City's General Fund (for street maintenance efforts on collector routes).

Although projections indicate little growth in the City's share of the highway user tax in the future, over the next twenty years the MSA Fund will provide for approximately \$13 million for the rehabilitation of collector routes, on an every other year rotation.

Operating and capital projections in the table at right indicate the City will have sufficient funding for a rehabilitation project approximately every other year in the future.



**MSA Fund**
**Operating and Capital Summary**

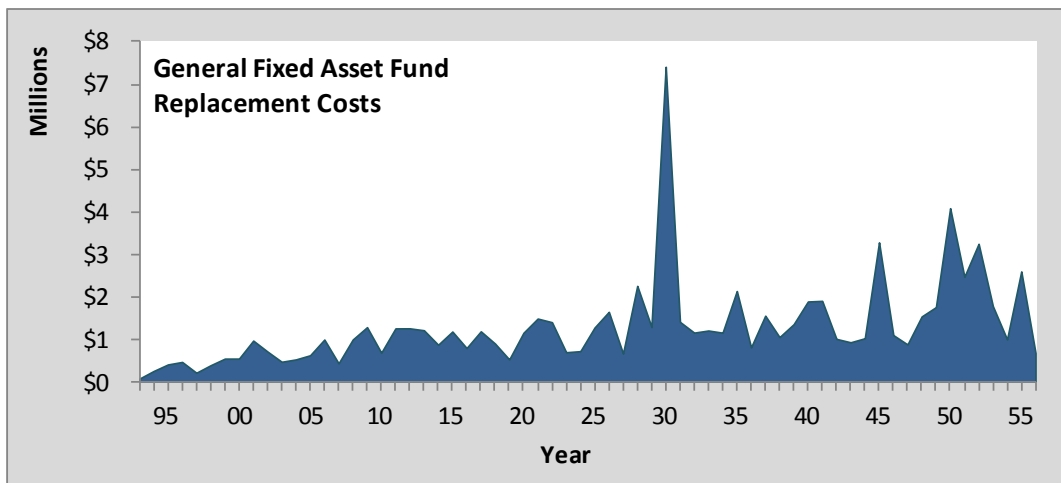
Year	Revenue			Expense	Fund Balance
	MSA	Investment Interest	Total Revenue	Project Costs	
2011	\$ 908,678	\$ 5,200	\$ 913,878	\$ 1,514,793	\$ 266,569
2012	633,942	1,700	635,642	-	902,211
2013	633,942	6,300	640,242	1,112,000	430,453
2014	640,281	3,200	643,481	600,000	473,934
2015	646,684	4,100	650,784	-	1,124,718
2016	653,151	11,200	664,351	1,719,835	69,234
2017	659,683	900	660,583	85,000	644,817
2018	666,280	9,700	675,980	-	1,320,797
2019	672,943	19,800	692,743	1,200,000	813,540
2020	679,672	30,200	709,872	-	1,523,412
2021	683,070		683,070	1,400,000	806,482
2022	686,485		686,485	-	1,492,967
2023	689,917		689,917	1,400,000	782,884
2024	693,367		693,367	-	1,476,251
2025	696,834		696,834	1,400,000	773,085
2026	700,318		700,318	-	1,473,403
2027	703,820		703,820	1,400,000	777,223
2028	707,339		707,339	-	1,484,562
2029	710,876		710,876	1,400,000	795,438
2030	714,430		714,430	-	1,509,868
2031	718,002		718,002	1,400,000	827,870
2032	721,592		721,592	-	1,549,462
2033	725,200		725,200	1,400,000	874,662
2034	728,826		728,826	-	1,603,488
2035	732,470		732,470	1,400,000	935,958
2036	736,132		736,132	-	1,672,090
2037	739,813		739,813	1,600,000	811,903
2038	743,512		743,512	-	1,555,415
2039	747,230		747,230	1,600,000	702,645
2040	750,966		750,966	-	1,453,611
2041	754,721		754,721	1,600,000	608,332
2042	758,495		758,495	-	1,366,827
2043	762,287		762,287	1,500,000	629,114
2044	766,098		766,098	-	1,395,212
2045	769,928		769,928	1,600,000	565,140
2046	773,778		773,778	-	1,338,918
2047	777,647		777,647	1,500,000	616,565
2048	781,535		781,535	-	1,398,100
2049	785,443		785,443	1,600,000	583,543
2050	789,370		789,370	-	1,372,913
2051	793,317		793,317	1,500,000	666,230
2052	797,284		797,284	-	1,463,514
2053	801,270		801,270	1,600,000	664,784
2054	805,276		805,276	-	1,470,060
2055	809,302		809,302	1,500,000	779,362
2056	813,349		813,349	-	1,592,711

## General Fixed Asset Replacement Fund

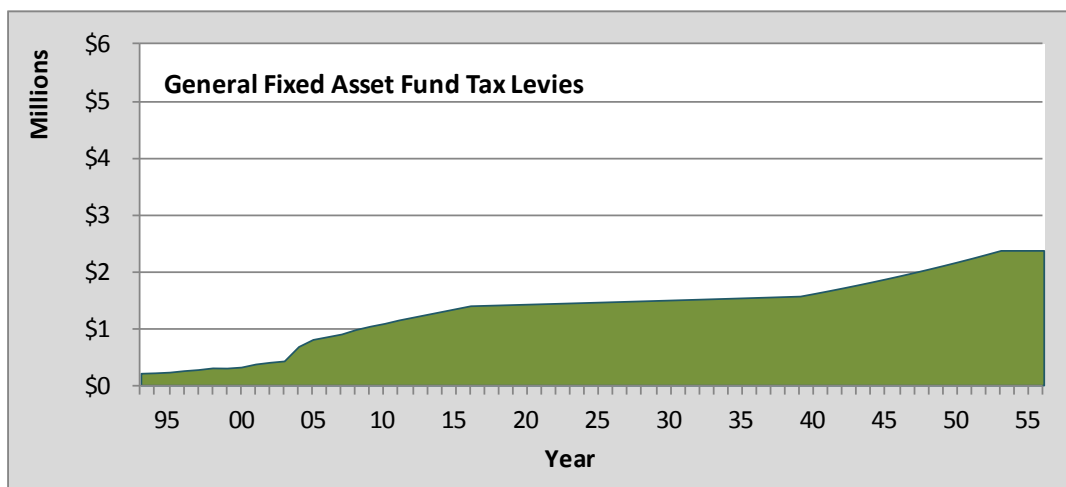
The General Fixed Asset Replacement (GFAR) Fund created in 1989 finances the replacement of all governmental assets including fire stations, fire equipment and warning sirens; street signs; community center and city hall buildings and furnishings; building mechanical systems; computer hardware and software; park buildings and improvements; and trails and pathways.

Annual tax levies and investment income are designed to cover annual capital replacement costs as well as to build sufficient fund balances for major replacement costs in the future. This approach enables the City to gradually increase tax levies, to accumulate fund balances as a long-term strategy in support replacement costs, and helps avoid the issuance of large amounts of debt to finance most replacement needs. The City may choose to issue debt for large scale replacement costs, such as building replacements, because of the cash flow benefits.

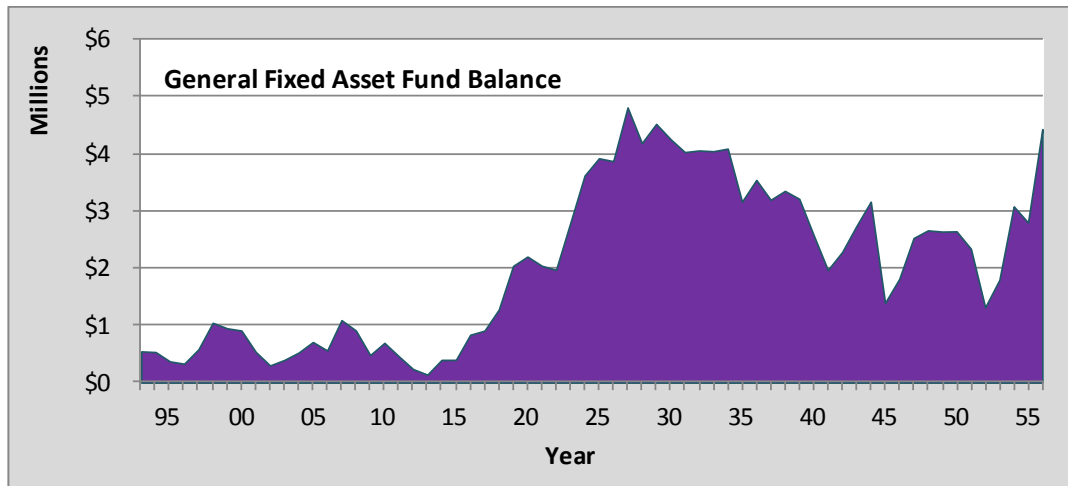
Over the next twenty years the GFAR Fund will provide for approximately \$31 million in general fixed asset replacements, and will provide an additional \$2 million for debt service payments on governmental asset replacements. The first graph below illustrates historical and anticipated replacement costs.



Despite replacement costs that rise and fall sharply, the growth in the GFAR portion of the tax levy is predictable and stable. The next graph (below) illustrates the historical and future GFAR tax levies.



These taxing levels provide a predictable revenue stream with moderate increases in this portion of the tax levy, while fund balance is allowed to fluctuate. As shown in the graph below, despite varying needs for capital replacements, and slow predictable growth in the GFAR portion of the tax levy, the City is able to support projected replacement costs and increase the fund balance to a level that will improve the City's flexibility with regard to the timing of replacements.



Because projected capital costs are less certain further into the future, it is likely that long-term fund balance projections will be lower.

**General Fixed Asset Replacement Fund**  
**Operating Summary**

Year	Revenue				Expense		Fund Balance
	Tax Levy	Other, Refunds & Transfers In	Debt Issuance	Interest Earnings	Estimated Replacement Costs	Transfers Out	
2011	\$ 1,150,000	\$ 35,000	\$ -	\$ 10,000	\$ 1,249,891	\$ 180,000	\$ 461,112
2012	1,200,000			7,000	1,251,540	180,000	236,572
2013	1,250,000	33,700		4,000	1,206,145	180,000	138,127
2014	1,300,000			3,000	863,977	180,000	397,150
2015	1,350,000			6,000	1,175,691	180,000	397,459
2016	1,400,000			7,000	786,311	180,000	838,148
2017	1,407,000			26,000	1,180,873	180,000	910,275
2018	1,414,000			29,000	891,728	180,000	1,281,547
2019	1,421,100			41,000	517,219	180,000	2,046,428
2020	1,428,200			62,000	1,146,510	180,000	2,210,118
2021	1,435,300			66,000	1,482,354	180,000	2,049,064
2022	1,442,500			62,000	1,396,400	180,000	1,977,164
2023	1,449,700			62,000	686,700	-	2,802,164
2024	1,456,900			86,000	712,617	-	3,632,447
2025	1,464,200			110,000	1,271,500	-	3,935,147
2026	1,471,500			118,000	1,641,100	-	3,883,547
2027	1,478,900			119,000	655,500	-	4,825,947
2028	1,486,300			142,000	2,253,300	-	4,200,947
2029	1,493,700			127,000	1,284,100	-	4,537,547
2030	1,501,200		6,000,000	118,000	7,425,700	460,000	4,271,047
2031	1,508,700			128,000	1,404,495	460,000	4,043,252
2032	1,516,200			122,000	1,150,000	460,000	4,071,452
2033	1,523,800			123,000	1,200,000	460,000	4,058,252
2034	1,531,400			123,000	1,148,600	460,000	4,104,052
2035	1,539,100			121,000	2,131,900	460,000	3,172,252
2036	1,546,800			97,000	801,300	460,000	3,554,752
2037	1,554,500			107,000	1,550,204	460,000	3,206,048
2038	1,562,300			98,000	1,044,191	460,000	3,362,157
2039	1,570,100			102,000	1,350,700	460,000	3,223,557
2040	1,617,200			96,000	1,885,100	460,000	2,591,657
2041	1,665,700			77,000	1,900,000	460,000	1,974,357
2042	1,715,700			61,000	1,002,600	460,000	2,288,457
2043	1,767,200			71,000	921,800	460,000	2,744,857
2044	1,820,200			85,000	1,017,600	460,000	3,172,457
2045	1,874,800			91,000	3,281,279	460,000	1,396,978
2046	1,931,000			44,000	1,092,500	460,000	1,819,478
2047	1,988,900			58,000	870,800	460,000	2,535,578
2048	2,048,600			78,000	1,532,500	460,000	2,669,678
2049	2,110,100			81,000	1,752,500	460,000	2,648,278
2050	2,173,400		2,000,000	74,000	4,087,900	155,000	2,652,778
2051	2,238,600			79,000	2,468,000	155,000	2,347,378
2052	2,305,800			68,000	3,246,974	155,000	1,319,204
2053	2,375,000			41,000	1,777,400	155,000	1,802,804
2054	2,375,000			58,000	990,200	155,000	3,090,604
2055	2,375,000			92,000	2,595,000	155,000	2,807,604
2056	2,375,000			89,000	670,200	155,000	4,446,404

**General Fixed Asset Replacement Fund**  
**Capital Summary**

Year	Estimated Replacements							Transfer Out to Debt Funds	Total Expense
	Fire Stations & Equip	Warning Sirens	Info. Systems	Municipal Buildings	Park Facilities	Trails & Pathways	Total Costs		
2011	\$ 149,667	\$ -	\$ 246,000	\$ 657,124	\$ 127,100	\$ 70,000	\$ 1,249,891	\$ 180,000	1,429,891
2012	361,640	20,000	113,500	357,000	307,400	92,000	1,251,540	180,000	1,431,540
2013	417,145	22,500	104,500	309,000	280,000	73,000	1,206,145	180,000	1,386,145
2014	258,277	22,500	121,500	285,000	36,700	140,000	863,977	180,000	1,043,977
2015	2,091	15,000	129,500	626,000	323,100	80,000	1,175,691	180,000	1,355,691
2016	92,211	15,000	75,500	225,000	203,000	175,600	786,311	180,000	966,311
2017	495,773	-	144,500	345,000	112,400	83,200	1,180,873	180,000	1,360,873
2018	61,428	-	107,000	255,400	383,000	84,900	891,728	180,000	1,071,728
2019	32,619	-	89,000	170,000	139,000	86,600	517,219	180,000	697,219
2020	113,210	20,000	94,000	461,000	370,000	88,300	1,146,510	180,000	1,326,510
2021	620,254	-	102,000	542,000	128,000	90,100	1,482,354	180,000	1,662,354
2022	460,500	21,000	94,000	365,000	264,000	191,900	1,396,400	180,000	1,576,400
2023	40,000	-	89,000	340,000	124,000	93,700	686,700		686,700
2024	32,217	22,000	107,000	282,000	173,800	95,600	712,617		712,617
2025	40,000	23,000	89,000	880,000	142,000	97,500	1,271,500		1,271,500
2026	1,073,600	-	94,000	256,000	118,000	99,500	1,641,100		1,641,100
2027	47,000	-	167,000	240,000	100,000	101,500	655,500		655,500
2028	1,423,800	-	94,000	399,000	233,000	103,500	2,253,300		2,253,300
2029	287,500	-	389,000	415,000	87,000	105,600	1,284,100		1,284,100
2030	28,000	-	107,000	6,734,000	324,000	232,700	7,425,700	460,000	7,885,700
2031	295,295	-	89,000	756,200	154,100	109,900	1,404,495	460,000	1,864,495
2032	451,900	-	94,000	374,000	118,000	112,100	1,150,000	460,000	1,610,000
2033	108,000	84,000	102,000	546,700	245,000	114,300	1,200,000	460,000	1,660,000
2034	30,000	-	94,000	658,000	250,000	116,600	1,148,600	460,000	1,608,600
2035	1,178,000	-	89,000	403,000	343,000	118,900	2,131,900	460,000	2,591,900
2036	98,000	30,000	107,000	345,000	100,000	121,300	801,300	460,000	1,261,300
2037	787,504	-	154,000	370,000	115,000	123,700	1,550,204	460,000	2,010,204
2038	39,391	-	94,000	527,000	117,600	266,200	1,044,191	460,000	1,504,191
2039	140,000	-	102,000	750,000	230,000	128,700	1,350,700	460,000	1,810,700
2040	89,800	-	94,000	967,000	446,000	288,300	1,885,100	460,000	2,345,100
2041	852,500	-	89,000	724,600	100,000	133,900	1,900,000	460,000	2,360,000
2042	34,000	35,000	107,000	383,000	307,000	136,600	1,002,600	460,000	1,462,600
2043	51,000	-	89,000	470,500	172,000	139,300	921,800	460,000	1,381,800
2044	257,500	-	94,000	225,000	299,000	142,100	1,017,600	460,000	1,477,600
2045	323,179	37,000	102,000	1,976,000	524,200	318,900	3,281,279	460,000	3,741,279
2046	337,700	-	94,000	388,000	125,000	147,800	1,092,500	460,000	1,552,500
2047	162,000	39,000	154,000	300,000	65,000	150,800	870,800	460,000	1,330,800
2048	486,800	-	107,000	411,900	373,000	153,800	1,532,500	460,000	1,992,500
2049	148,000	41,000	455,000	705,000	246,600	156,900	1,752,500	460,000	2,212,500
2050	117,900	42,000	94,000	3,203,000	471,000	160,000	4,087,900	155,000	4,242,900
2051	1,690,800	-	102,000	290,000	222,000	163,200	2,468,000	155,000	2,623,000
2052	1,363,274	-	94,000	1,136,000	297,200	356,500	3,246,974	155,000	3,401,974
2053	164,900	-	89,000	701,700	652,000	169,800	1,777,400	155,000	1,932,400
2054	40,000	-	107,000	320,000	350,000	173,200	990,200	155,000	1,145,200
2055	823,300	-	89,000	904,000	392,000	386,700	2,595,000	155,000	2,750,000
2056	41,000	-	94,000	255,000	100,000	180,200	670,200	155,000	825,200

**General Fixed Asset Replacement Fund**

**Capital Summary - Fire Equipment, Vehicles and Stations**

Year	Buildings	Parking/Driveways		Breathing Apparatus	Radio System	Other Equipment	Vehicles	Total Fire Equipment & Buildings
		Station #3	Station #4					
2011	\$ 14,841	\$ -	\$ -	\$ -	\$ -	\$ 16,412	\$ 118,414	\$ 149,667
2012	40,075					7,039	314,526	361,640
2013	240,610	82,000				12,075	82,460	417,145
2014	8,835			194,370		2,062	53,010	258,277
2015	-					2,091		2,091
2016	66,560					25,651		92,211
2017	29,450	3,958					462,365	495,773
2018	30,000						31,428	61,428
2019	30,000					2,619		32,619
2020	23,000						90,210	113,210
2021	40,000						580,254	620,254
2022	24,000						436,500	460,500
2023	40,000							40,000
2024	25,000	4,889				2,328		32,217
2025	40,000							40,000
2026	26,000						1,047,600	1,073,600
2027	40,000					7,000		47,000
2028	27,000						1,396,800	1,423,800
2029	40,000				75,000	8,000	164,500	287,500
2030	28,000							28,000
2031	40,000	5,995		241,300		8,000		295,295
2032	29,000						422,900	451,900
2033	40,000					9,000	59,000	108,000
2034	30,000							30,000
2035	40,000					9,000	1,129,000	1,178,000
2036	31,000						67,000	98,000
2037	40,000	100,104				10,000	637,400	787,504
2038	32,000	7,391						39,391
2039	40,000			90,000		10,000		140,000
2040	33,000						56,800	89,800
2041	40,000					11,000	801,500	852,500
2042	34,000							34,000
2043	40,000					11,000		51,000
2044	35,000						222,500	257,500
2045	40,000	9,079	174,600			12,000	87,500	323,179
2046	36,000			301,700				337,700
2047	40,000				110,000	12,000		162,000
2048	37,000						449,800	486,800
2049	40,000					13,000	95,000	148,000
2050	38,000						79,900	117,900
2051	40,000			110,000		13,000	1,527,800	1,690,800
2052	39,000	11,174					1,313,100	1,363,274
2053	40,000					14,000	110,900	164,900
2054	40,000							40,000
2055	40,000					14,000	769,300	823,300
2056	41,000							41,000



**General Fixed Asset Replacement Fund**  
**Capital Summary - Warning Sirens**

By Siren Number and Location												
	#1	#2	#3	#4	#5	#6	#7	#8	LC	VH		
	Maint	Sherwd	Lake	Victoria	Turtle	Well	Rice Crk		50% of cost			Total
Year	Center	Road	Judy	& 694	Lake School	#6	Park/ Pkvw Dr	Shamrock Park	Rice & Country Dr	Rice & Snl Lk Rd	Radio Controls	Siren Costs
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012	15,000										5,000	20,000
2013				15,000					7,500			22,500
2014					7,500					15,000		22,500
2015			15,000									15,000
2016		15,000										15,000
2020								20,000				20,000
2022						21,000						21,000
2024	22,000											22,000
2025							23,000					23,000
2033				28,000	28,000				14,000	14,000		84,000
2036			30,000									30,000
2042		35,000										35,000
2045								37,000				37,000
2047						39,000						39,000
2049	41,000											41,000
2050							42,000					42,000

**General Fixed Asset Replacement Fund**  
**Capital Summary - Information Systems**

Year	Computers	Printers	Servers	Security Systems	Recovery/ Backup	Communica- tions	LAN/ Network	Specialized Software	Other	Estimated Replacement Cost
2011	\$ 22,000	\$ 2,000	\$ 15,000	\$ 34,400	\$ 16,000	\$ 31,100	\$ 109,000	\$ 10,000	\$ 6,500	\$ 246,000
2012	20,000	2,000	19,000	1,500	20,000	23,000	10,000	9,000	9,000	113,500
2013	25,000	23,000	-	1,500	-	7,000	9,000	29,000	10,000	104,500
2014	20,000	2,000	30,000	1,500	40,000	7,000	7,000	4,000	10,000	121,500
2015	20,000	2,000	32,000	15,500	-	22,000	12,000	20,000	6,000	129,500
2016	20,000	2,000	29,000	1,500	-	7,000	7,000	-	9,000	75,500
2017	20,000	23,000	11,000	1,500	40,000	2,000	9,000	30,000	8,000	144,500
2018	20,000	12,000	30,000	1,500	-	7,000	8,500	13,000	15,000	107,000
2019	22,000	12,000	25,000	2,000		7,000	8,000		13,000	89,000
2020	22,000	12,000	30,000	2,000		7,000	8,000		13,000	94,000
2021	22,000	12,000	25,000	2,000	13,000	7,000	8,000		13,000	102,000
2022	22,000	12,000	30,000	2,000		7,000	8,000		13,000	94,000
2023	22,000	12,000	25,000	2,000		7,000	8,000		13,000	89,000
2024	24,000	12,000	30,000	2,000	11,000	7,000	8,000		13,000	107,000
2025	24,000	12,000	25,000	2,000		5,000	8,000		13,000	89,000
2026	24,000	12,000	30,000	2,000		5,000	8,000		13,000	94,000
2027	24,000	12,000	25,000	2,000	9,000	7,000	8,000		80,000	167,000
2028	24,000	12,000	30,000	2,000		5,000	8,000		13,000	94,000
2029	26,000	12,000	25,000	2,000		7,000	4,000	300,000	13,000	389,000
2030	26,000	12,000	30,000	2,000	9,000	7,000	8,000		13,000	107,000
2031	26,000	12,000	25,000	2,000		5,000	6,000		13,000	89,000
2032	26,000	12,000	30,000	2,000		5,000	6,000		13,000	94,000
2033	26,000	12,000	25,000	2,000	9,000	7,000	8,000		13,000	102,000
2034	28,000	12,000	30,000	2,000		4,000	5,000		13,000	94,000
2035	28,000	12,000	25,000	2,000		4,000	5,000		13,000	89,000
2036	28,000	12,000	30,000	2,000	7,000	7,000	8,000		13,000	107,000
2037	28,000	12,000	23,000	2,000		4,000	5,000		80,000	154,000
2038	28,000	12,000	30,000	2,000		4,000	5,000		13,000	94,000
2039	30,000	12,000	25,000	2,000	5,000	7,000	8,000		13,000	102,000
2040	30,000	12,000	30,000	2,000		7,000			13,000	94,000
2041	30,000	12,000	25,000	2,000		7,000			13,000	89,000
2042	30,000	12,000	30,000	2,000	13,000	7,000			13,000	107,000
2043	30,000	12,000	25,000	2,000		7,000			13,000	89,000
2044	32,000	12,000	30,000	2,000		5,000			13,000	94,000
2045	32,000	12,000	25,000	2,000	11,000	7,000			13,000	102,000
2046	32,000	12,000	30,000	2,000		5,000			13,000	94,000
2047	32,000	12,000	23,000	2,000		5,000			80,000	154,000
2048	32,000	12,000	30,000	2,000	11,000	7,000			13,000	107,000
2049	34,000	12,000	25,000	2,000		5,000		366,000	11,000	455,000
2050	34,000	12,000	30,000	2,000		5,000			11,000	94,000
2051	34,000	12,000	25,000	2,000	9,000	5,000			15,000	102,000
2052	34,000	12,000	30,000	2,000		5,000			11,000	94,000
2053	34,000	12,000	25,000	2,000		5,000			11,000	89,000
2054	36,000	12,000	30,000	2,000	7,000	5,000			15,000	107,000
2055	36,000	12,000	25,000	2,000		5,000	3,000		6,000	89,000
2056	36,000	12,000	30,000	2,000		5,000	3,000		6,000	94,000

**General Fixed Asset Replacement Fund**  
**Capital Summary - Municipal Buildings (including city hall and community center)**

Year	Mechanicals, Roof & Exterior	Carpet	Banquet Rooms	Pool Equip Water Treatment Pool Stairs Water Features	All Other Equipment	Locker Rooms and Other Replacement Allowances	Total Building Replacement Costs
2011	\$ 266,500	\$ -	\$ 21,602	\$ 37,830	\$ 242,202	\$ 88,990	\$ 657,124
2012	72,000	-	70,000	190,000	25,000	-	357,000
2013	-	40,000	15,000	109,000	90,000	55,000	309,000
2014	-	90,000	90,000	-	30,000	75,000	285,000
2015	450,000	-	-	-	95,000	81,000	626,000
2016	-	-	15,000	100,000	30,000	80,000	225,000
2017	-	48,000	102,000	45,000	65,000	85,000	345,000
2018	-	52,000	-	88,400	30,000	85,000	255,400
2019	-	-	15,000	45,000	20,000	90,000	170,000
2020	-	45,000	106,000	-	20,000	290,000	461,000
2021	-	85,000	40,000	39,000	70,000	308,000	542,000
2022	-	-	15,000	235,000	20,000	95,000	365,000
2023	-	-	-	160,000	30,000	150,000	340,000
2024	-	52,000	60,000	-	20,000	150,000	282,000
2025	550,000	-	15,000	20,000	75,000	220,000	880,000
2026	-	-	-	-	101,000	155,000	256,000
2027	-	50,000	-	10,000	20,000	160,000	240,000
2028	-	144,000	15,000	50,000	30,000	160,000	399,000
2029	-	-	50,000	120,000	80,000	165,000	415,000
2030	281,000	-	142,000	126,000	20,000	6,165,000	6,734,000
2031	-	56,000	129,000	106,000	250,000	215,200	756,200
2032	-	-	-	184,000	20,000	170,000	374,000
2033	-	-	-	276,700	95,000	175,000	546,700
2034	300,000	55,000	15,000	88,000	25,000	175,000	658,000
2035	-	95,000	-	20,000	25,000	263,000	403,000
2036	-	-	-	-	165,000	180,000	345,000
2037	-	-	75,000	20,000	90,000	185,000	370,000
2038	-	116,000	75,000	-	151,000	185,000	527,000
2039	525,000	-	-	10,000	25,000	190,000	750,000
2040	-	-	206,000	316,000	255,000	190,000	967,000
2041	-	60,000	-	95,000	95,000	474,600	724,600
2042	-	105,000	-	58,000	25,000	195,000	383,000
2043	-	-	15,000	220,500	35,000	200,000	470,500
2044	-	-	-	-	25,000	200,000	225,000
2045	1,331,000	68,000	150,000	10,000	100,000	317,000	1,976,000
2046	-	-	85,000	73,000	25,000	205,000	388,000
2047	-	-	-	65,000	25,000	210,000	300,000
2048	-	65,000	-	101,900	35,000	210,000	411,900
2049	-	110,000	15,000	260,000	105,000	215,000	705,000
2050	255,000	58,000	257,000	228,000	190,000	2,215,000	3,203,000
2051	-	-	-	45,000	25,000	220,000	290,000
2052	-	72,000	95,000	724,000	25,000	220,000	1,136,000
2053	-	-	80,000	276,700	120,000	225,000	701,700
2054	-	70,000	-	-	25,000	225,000	320,000
2055	89,000	115,000	15,000	10,000	325,000	350,000	904,000
2056	-	-	-	-	25,000	230,000	255,000

**General Fixed Asset Replacement Fund**  
**Capital Summary - Park Facilities**

Year	Buildings	Picnic Shelters	Playground Equipment	Pavement		Fencing/ Backboards	Lights	Misc. Items	Total All Parks
				Courts	Parking/ Driveway				
2011	\$ 30,000	\$ -	\$ -	\$ 15,000	\$ 37,100	\$ -	\$ -	\$ 45,000	\$ 127,100
2012	-	-	119,000	-	3,400	10,000	-	175,000	307,400
2013	-	20,000	-	40,000	125,000	-	-	95,000	280,000
2014	22,000	10,000	-	-	4,700	-	-	-	36,700
2015	-	5,000	-	-	237,100	35,000	-	46,000	323,100
2016	50,000	-	-	40,000	78,000	20,000	-	15,000	203,000
2017	-	-	-	40,000	72,400	-	-	-	112,400
2018	18,000	-	195,000	40,000	82,000	20,000	28,000	-	383,000
2019	15,000	-	-	80,000	-	44,000	-	-	139,000
2020	37,000	-	-	40,000	160,000	60,000	28,000	45,000	370,000
2021	-	-	-	74,000	-	-	-	54,000	128,000
2022	15,000	-	220,000	-	-	-	29,000	-	264,000
2023	-	-	-	-	-	-	24,000	100,000	124,000
2024	18,000	-	120,000	-	35,800	-	-	-	173,800
2025	42,000	-	-	-	-	-	-	100,000	142,000
2026	-	-	-	18,000	-	-	-	100,000	118,000
2027	-	-	-	-	-	-	-	100,000	100,000
2028	42,000	-	100,000	18,000	73,000	-	-	-	233,000
2029	27,000	20,000	-	18,000	-	22,000	-	-	87,000
2030	-	-	100,000	36,000	135,000	-	-	53,000	324,000
2031	15,000	-	-	25,000	14,100	-	27,000	73,000	154,100
2032	33,000	-	-	18,000	-	-	-	67,000	118,000
2033	-	-	185,000	-	-	-	-	60,000	245,000
2034	15,000	-	135,000	-	-	-	-	100,000	250,000
2035	76,000	-	95,000	-	-	80,000	42,000	50,000	343,000
2036	-	-	-	-	-	-	-	100,000	100,000
2037	15,000	-	-	-	-	-	-	100,000	115,000
2038	-	-	-	50,000	17,600	-	-	50,000	117,600
2039	-	89,000	-	111,000	-	30,000	-	-	230,000
2040	15,000	38,000	-	50,000	114,000	164,000	-	65,000	446,000
2041	-	-	-	-	-	-	-	100,000	100,000
2042	-	-	257,000	50,000	-	-	-	-	307,000
2043	15,000	-	-	57,000	-	-	-	100,000	172,000
2044	33,000	-	142,000	50,000	-	33,000	41,000	-	299,000
2045	49,000	-	-	-	263,200	-	-	212,000	524,200
2046	15,000	-	-	-	-	-	36,000	74,000	125,000
2047	-	-	-	-	-	65,000	-	-	65,000
2048	49,000	-	142,000	82,000	-	-	-	100,000	373,000
2049	64,000	30,000	-	-	54,600	-	98,000	-	246,600
2050	50,000	-	142,000	-	114,000	165,000	-	-	471,000
2051	-	-	-	82,000	-	-	40,000	100,000	222,000
2052	75,000	-	-	82,000	140,200	-	-	-	297,200
2053	-	-	265,000	73,000	214,000	-	-	100,000	652,000
2054	-	-	200,000	-	150,000	-	-	-	350,000
2055	75,000	-	125,000	77,000	65,000	-	-	50,000	392,000
2056	-	-	-	-	-	-	-	100,000	100,000

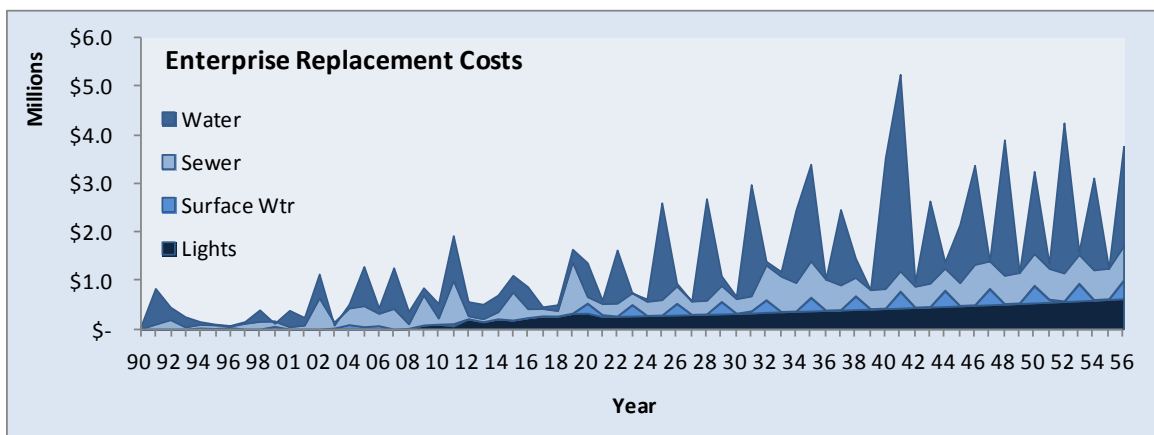
**General Fixed Asset Replacement Fund**  
**Capital Summary - Trails and Pathways**

Year	Park	Description	Trail Rehabilitation & Replacement		Total Cost
			Rehab.	Replace	
2011	Sitzer, Lex, Snl Lk Rd	Asphalt path	\$ 70,000		\$ 70,000
2012	County Rd F, Demar, Floral	Asphalt path		22,000	22,000
2012	NW Corner	Asphalt path	70,000		70,000
2013	NE Corner	Asphalt path	73,000		73,000
2014	Bobby Theisen	Asphalt path	70,000		70,000
2014	County Road I (W end)	Asphalt path	70,000		70,000
2015	Center section	Asphalt path	80,000		80,000
2016	Windward Hgts neighborhood	Asphalt path		94,000	94,000
2016	Allowance	Asphalt path	81,600		81,600
2017	Allowance	Asphalt path	83,200		83,200
2018	Allowance	Asphalt path	84,900		84,900
2019	Allowance	Asphalt path	86,600		86,600
2020	Allowance	Asphalt path	88,300		88,300
2021	Allowance	Asphalt path	90,100		90,100
2022	Allowance	Asphalt path	91,900	100,000	191,900
2023	Allowance	Asphalt path	93,700		93,700
2024	Allowance	Asphalt path	95,600		95,600
2025	Allowance	Asphalt path	97,500		97,500
2026	Allowance	Asphalt path	99,500		99,500
2027	Allowance	Asphalt path	101,500		101,500
2028	Allowance	Asphalt path	103,500		103,500
2029	Allowance	Asphalt path	105,600		105,600
2030	Allowance	Asphalt path	107,700	125,000	232,700
2031	Allowance	Asphalt path	109,900		109,900
2032	Allowance	Asphalt path	112,100		112,100
2033	Allowance	Asphalt path	114,300		114,300
2034	Allowance	Asphalt path	116,600		116,600
2035	Allowance	Asphalt path	118,900		118,900
2036	Allowance	Asphalt path	121,300		121,300
2037	Allowance	Asphalt path	123,700		123,700
2038	Allowance	Asphalt path	126,200	140,000	266,200
2039	Allowance	Asphalt path	128,700		128,700
2040	Allowance	Asphalt path	131,300	157,000	288,300
2041	Allowance	Asphalt path	133,900		133,900
2042	Allowance	Asphalt path	136,600		136,600
2043	Allowance	Asphalt path	139,300		139,300
2044	Allowance	Asphalt path	142,100		142,100
2045	Allowance	Asphalt path	144,900	174,000	318,900
2046	Allowance	Asphalt path	147,800		147,800
2047	Allowance	Asphalt path	150,800		150,800
2048	Allowance	Asphalt path	153,800		153,800
2049	Allowance	Asphalt path	156,900		156,900
2050	Allowance	Asphalt path	160,000		160,000
2051	Allowance	Asphalt path	163,200		163,200
2052	Allowance	Asphalt path	166,500	190,000	356,500
2053	Allowance	Asphalt path	169,800		169,800
2054	Allowance	Asphalt path	173,200		173,200
2055	Allowance	Asphalt path	176,700	210,000	386,700
2056	Allowance	Asphalt path	180,200		180,200

## Proprietary Funds

Proprietary operations are accounted for through Enterprise funds (for utility operations) and Internal Service funds (for operation of the maintenance center). The infrastructure replacement policy requires preparation of 20-year operating projections at least every 5 years. City staff prepares the analysis in most years, and on occasion an outside consultant is hired to prepare a utility rate study. Both methods include a comprehensive twenty-year analysis of operations and capital costs; and provide a recommendation for utility rates and inter-fund charges (in support Internal Service operations). The last utility rate study prepared by staff occurred in early 2011, and the last study prepared by an outside consultant occurred in 2002. Since the 2011 CHIRP included 20-year operating projections, this document contains the standard 5-year projections that are also presented in the City's FYOP.

Enterprise capital costs are financed through a combination of debt issuance and the use of current resources. Over the next twenty years enterprise funds will provide for the replacement of approximately \$23 million in water, sewer and surface water system replacements. The following graph provides an illustration of historical and anticipated replacement costs.



The replacement projections for utility assets presented in this document are prepared in aggregate considering the overall age and condition of the assets. Repair and replacement projections are not prepared for specific neighborhoods or projects until the anticipated project is included in the five-year capital improvement program. For example, a review of water and sewer lines indicates that materials used during different stages of Shoreview's development resulted in different expected lives. Lines installed in the 1960's and early 1970's were made of materials that cannot be expected to last as long as the lines installed later in the 1970's and in the 1980's. Newer materials and construction techniques allow us to assume longer life spans for lines installed during the latter stages of the rapid residential growth.

The City's Enterprise Funds include:

- Water Fund
- Sewer Fund
- Surface Water Management Fund
- Street Lighting Fund

Factors considered as part of the annual utility analysis, the FYOP, and periodic 20-year operating projections include:

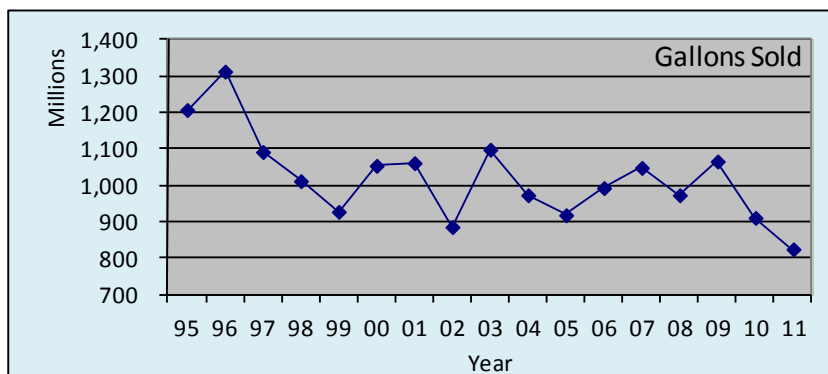
- Cash balances and cash balance objectives
- Debt levels, future debt issuance and debt payments
- New connections to utility services
- Capital costs (additions, repairs and replacements)
- Water consumption trends
- Sewage flows and treatment costs
- Operating costs
- Maintenance strategies

Operating projections provided on the following pages were prepared as part of the City's FYOP, and were compiled based on number of assumptions including the rate of inflation, water consumption levels, estimated replacement costs and others. These projections, in conjunction with historical activity, help identify and address potential changes in advance, provide the basis for the operating projections, and influence utility rate adjustments. Establishing utility rates as a long-term strategy helps the City adjust rates gradually whenever possible, reducing the impact in any single year.

### Usage Trends

In recent years a combination of weather (rainfall), an aging population, and changes in usage patterns have contributed to an overall decline in average household water use. Although the City expects variations in water consumption from year to year, mainly due to rainfall fluctuations and timing, a trend among residential customers in winter months also demonstrates reduced water consumption.

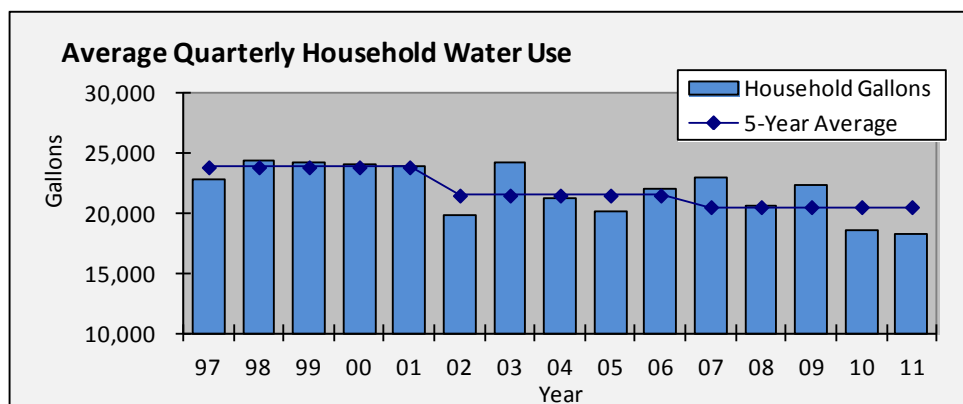
The graph at right shows the fluctuations in total water use from year to year, and also illustrates an overall trend toward lower water consumption. Major changes from year to year are primarily the result of rainfall, because 50% of water is sold during the four months that make up the growing season.



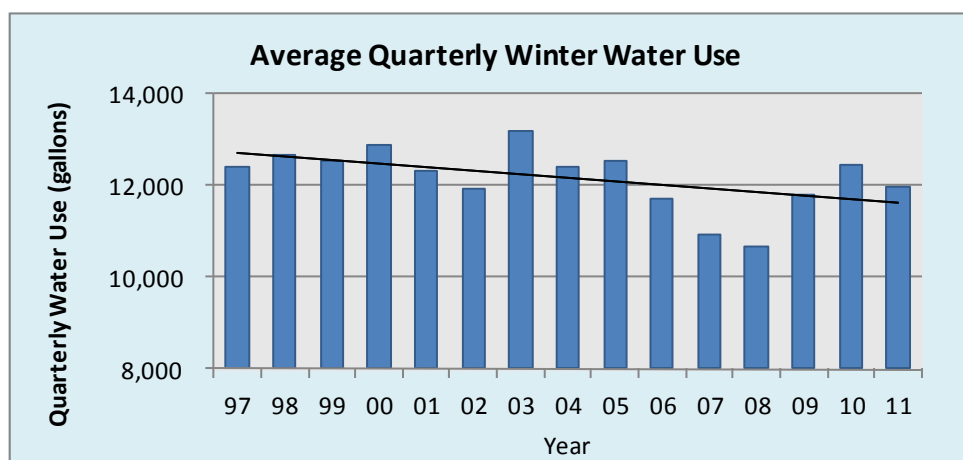
Household water use accounts for 70% to 77% of gallons consumed. Two graphs provided on the next page illustrate a decline in quarterly household water use.



Average quarterly household water use in the last five years (2006 to 2010) is approximately 4.5 percent lower than the previous 5 years, and about 13.9 percent lower than the late 1990s.



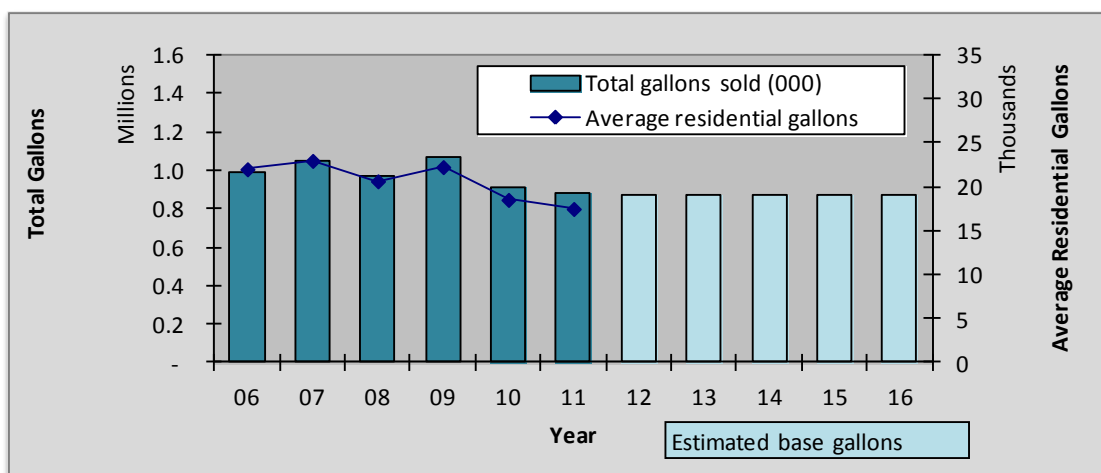
Overall, average quarterly household water use during winter months is also declining. The graph below shows average quarterly winter water use as well as a trend line for winter consumption since 1997.



## Water Fund

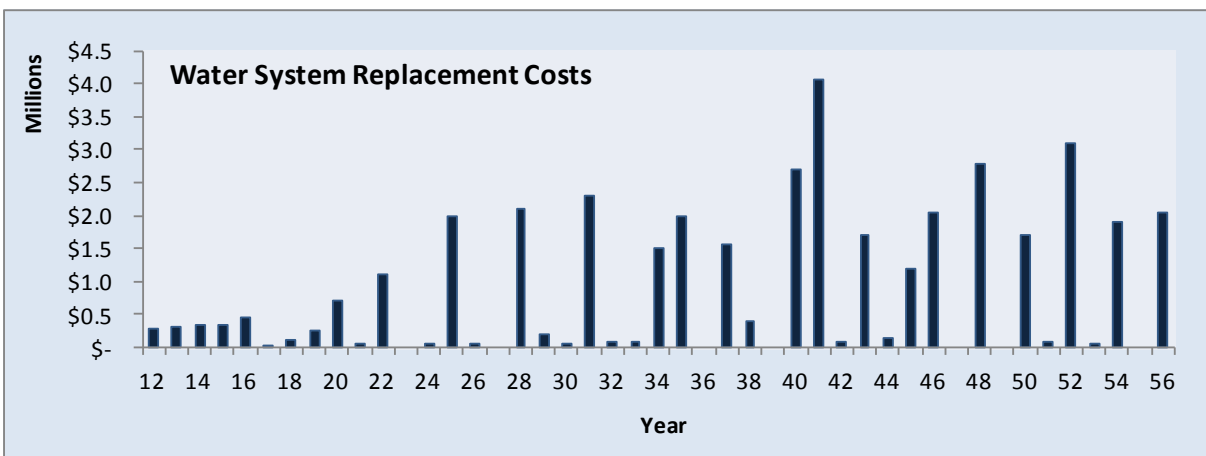
In setting water rates the City expects fluctuations in water consumption from year to year, and the resulting fluctuations in water revenue. Revenue projections utilize a “base year” approach for estimating gallons sold, which enables the City to set rates at levels that support operations, without allowing temporary fluctuations in revenue to increase gallon projections.

Between the historical trend toward reduced water consumption, and the high rainfall experienced during the summer of 2010 (which led to lower water consumption), the “base year” gallon estimate has been reduced 5 percent from previous projections, and is expected to remain relatively constant in the future.



Despite the challenges that fluctuating water consumption can cause, the operating projections on the next page show that planned adjustments to the City’s water rates will adequately support operations and capital costs with an operating gain in all years and an overall net gain in most years.

Significant water system costs for the near future include water line replacements, rehabilitation of the underground reservoir, an update of well controls and the addition of a water treatment plant.



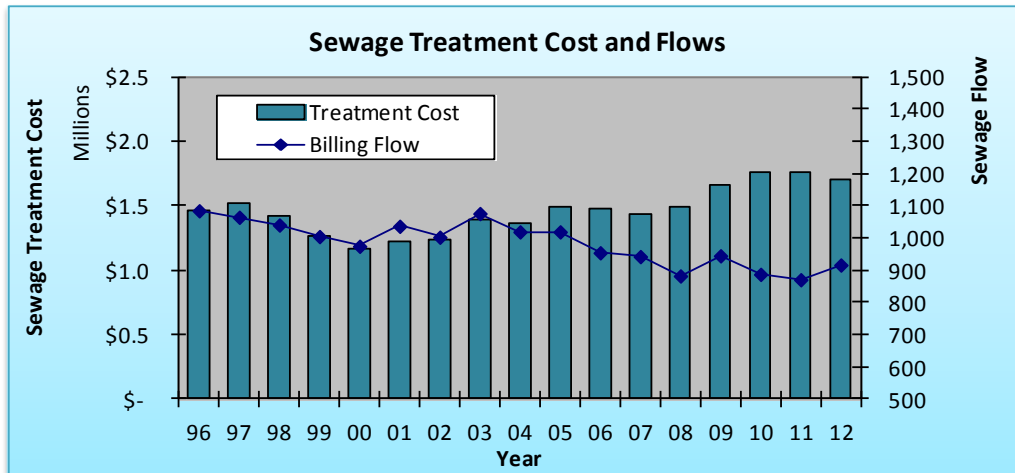
<b>Water Fund</b>	2011 Estimate	2012 Budget	2013 Budget	2014 Projected	2015 Projected	2016 Projected
<b>Revenue</b>						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	2,070,000	2,460,000	2,555,000	2,660,000	2,765,000	3,095,000
Late Fees/Utility Charges	-	-	-	-	-	-
Water Facility Charges	4,000	4,000	4,000	4,000	4,000	4,000
Other Charges	4,500	4,800	5,000	5,000	5,000	5,000
Other Revenues	-	-	-	-	-	-
Total Revenue	2,078,500	2,468,800	2,564,000	2,669,000	2,774,000	3,104,000
<b>Expense</b>						
Enterprise Operations	1,432,867	1,455,461	1,488,456	1,539,744	1,585,505	1,581,652
Miscellaneous	-	-	-	-	-	-
Depreciation	605,000	630,000	637,000	644,000	650,000	800,000
Total Expense	2,037,867	2,085,461	2,125,456	2,183,744	2,235,505	2,381,652
<b>Operating Income (Loss)</b>	40,633	383,339	438,544	485,256	538,495	722,348
<b>Other Sources (Uses)</b>						
Interest Earnings	50,000	55,000	55,000	60,000	60,000	65,000
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	13,370	13,200	12,940	12,620	12,200	11,630
Debt Service	(205,944)	(184,287)	(171,435)	(185,837)	(173,162)	(599,619)
Transfers Out	(225,000)	(240,000)	(262,500)	(277,500)	(307,500)	(337,500)
Net Change	(326,941)	27,252	72,549	94,539	130,033	(138,141)
Fund Equity, beginning	12,678,908	12,351,967	12,379,219	12,451,768	12,546,307	12,676,340
Fund Equity, ending	\$ 12,351,967	\$ 12,379,219	\$ 12,451,768	\$ 12,546,307	\$ 12,676,340	\$ 12,538,199
Months of oper/cap coverage	11.7	10.4	13.4	3.3	13.0	13.9
Cash balance	\$ 2,862,641	\$ 2,546,198	\$ 3,310,546	\$ 3,317,491	\$ 4,113,743	\$ 4,065,646
Capital costs	\$ 942,900	\$ 416,000	\$ 365,500	\$ 311,500	\$ 9,363,800	\$ 470,000
Unspent bond proceeds	\$ -					
General transfer percent of assets	0.64%	0.68%	0.73%	0.78%	0.66%	0.73%
	blended	blended				
Rate Increase (middle tier)	10.0%	14.1%	4.1%	4.1%	4.1%	12.0%
Change in utility charge revenue	8.9%	18.8%	3.9%	4.1%	3.9%	11.9%
Debt issued	\$ -	\$ -	\$ 790,000	\$ -	\$ 9,780,000	\$ 480,000
Debt payments (principal)	\$ 460,000	\$ 550,000	\$ 365,000	\$ 415,000	\$ 395,000	\$ 715,000
Debt balance (year end)	\$ 5,250,000	\$ 4,700,000	\$ 5,125,000	\$ 4,710,000	\$ 14,095,000	\$ 13,860,000
Gallons of water sold (000)	881,146	875,156	875,000	875,000	875,000	875,000
Quarterly residential gallons (avg)	17,500					
Quarterly multi-family gallons (avg)	9,168					

**Water Fund**  
**Capital Summary**

Year	Replacements						Misc. Capital	Total Capital Costs
	Water Lines	Treatment Plant	Wells, Generator, & Controls	Towers/ Reservoir	Additions			
2011	\$ 117,000	\$ -	\$ -	\$ 810,000	\$ -	\$ 15,000	\$	942,000
2012	294,000	-	-	-	110,000	9,000		413,000
2013	300,000	-	-	-	-	15,000		315,000
2014	306,500	-	40,000	-	-	15,000		361,500
2015	248,000	-	100,000	-	9,000,000	15,000		9,363,000
2016	455,000	-	-	-	-	15,000		470,000
2017	38,000	-	-	-	-	15,000		53,000
2018	122,000	-	-	-	-	-		122,000
2019	141,000	-	125,000	-	-	-		266,000
2020	-	-	-	700,000	-	-		700,000
2021	-	-	-	70,000	-	-		70,000
2022	1,100,000	-	-	-	75,000	-		1,175,000
2023	-	-	-	-	-	-		-
2024	-	-	50,000	-	-	-		50,000
2025	1,100,000	-	-	900,000	-	-		2,000,000
2026	-	-	60,000	-	-	-		60,000
2027	-	-	-	-	-	-		-
2028	1,300,000	-	-	800,000	3,000,000	-		5,100,000
2029	-	200,000	-	-	-	-		200,000
2030	-	-	50,000	-	-	-		50,000
2031	1,300,000	-	-	1,000,000	-	-		2,300,000
2032	-	-	-	80,000	-	-		80,000
2033	-	-	100,000	-	-	-		100,000
2034	1,500,000	-	-	-	-	-		1,500,000
2035	-	-	2,000,000	-	-	-		2,000,000
2036	-	-	-	-	-	-		-
2037	1,500,000	-	60,000	-	-	-		1,560,000
2038	-	-	400,000	-	-	-		400,000
2039	-	-	-	-	-	-		-
2040	1,700,000	-	-	1,000,000	-	-		2,700,000
2041	-	4,000,000	60,000	-	-	-		4,060,000
2042	-	-	-	85,000	-	-		85,000
2043	1,700,000	-	-	-	-	-		1,700,000
2044	-	-	130,000	-	-	-		130,000
2045	-	-	-	1,200,000	-	-		1,200,000
2046	2,000,000	-	50,000	-	-	-		2,050,000
2047	-	-	-	-	-	-		-
2048	1,600,000	-	-	1,200,000	-	-		2,800,000
2049	-	-	-	-	3,500,000	-		3,500,000
2050	1,700,000	-	-	-	-	-		1,700,000
2051	-	-	-	100,000	-	-		100,000
2052	1,800,000	-	-	1,300,000	-	-		3,100,000
2053	-	-	60,000	-	-	-		60,000
2054	1,900,000	-	-	-	-	-		1,900,000
2055	-	-	-	-	-	-		-
2056	2,000,000	-	60,000	-	-	-		2,060,000

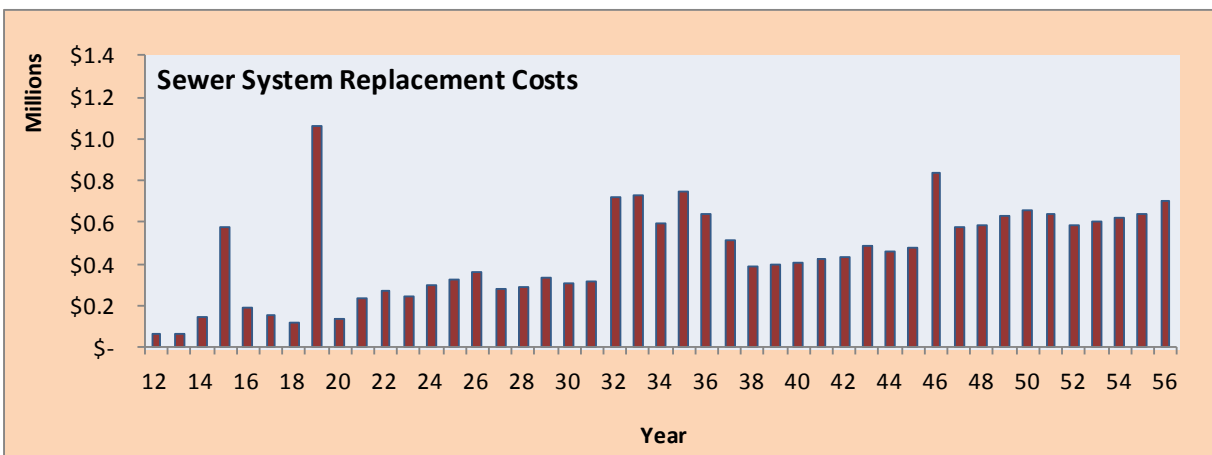
## Sewer Fund

The City's Sewer Fund accounts for the collection and treatment of wastewater (sewage) from homes and businesses throughout the community. Sewage is routed or pumped into facilities owned and operated by Metropolitan Council Environmental Services. Sewer rates are designed to reward low volume customers with lower sewer rates, and to charge high volume customers more because they contribute more flow to the sewer system. As shown in the graph below, even though sewage flow has declined, sewage treatment costs continue to rise.



Groundwater infiltration and storm water inflow, particularly during periods of heavy rain, impact the volume of sewage flow as well. Cracks in sewer lines, openings in manholes, and connections of roof drains to the sewer system allow water to flow directly into sewer pipes, driving up flows and sewage treatment costs. In an effort to reduce sewage flow the City is actively working to evaluate sewer lines and is using relining techniques to repair lines more effectively. The City recently completed a commercial roof and residential sump pump inspection program in an effort to identify inappropriate discharge into the sewer system and further reduce sewage flows.

The operating projections on the following page show that planned adjustments to the City's sewer rates will adequately support operations and capital costs.



<b>Sewer Fund</b>	2011 Estimate	2012 Budget	2013 Budget	2014 Projected	2015 Projected	2016 Projected
<b>Revenue</b>						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	200	200	200	200	200	200
Utility Charges	3,500,000	3,500,000	3,605,000	3,711,000	3,822,000	3,936,000
Late Fees/Utility Charges	-	-	-	-	-	-
Sewer Facility Charges	3,000	4,000	4,000	4,000	4,000	4,000
Other Charges	6,500	2,500	2,500	2,500	2,500	2,500
Other Revenues	-	-	-	-	-	-
Total Revenue	3,509,700	3,506,700	3,611,700	3,717,700	3,828,700	3,942,700
<b>Expense</b>						
Enterprise Operations	2,996,432	2,942,296	3,055,226	3,170,977	3,287,821	3,390,850
Miscellaneous	-	-	-	-	-	-
Depreciation	305,000	300,000	310,000	315,000	320,000	320,000
Total Expense	3,301,432	3,242,296	3,365,226	3,485,977	3,607,821	3,710,850
<b>Operating Income (Loss)</b>	208,268	264,404	246,474	231,723	220,879	231,850
<b>Other Sources (Uses)</b>						
Interest Earnings	25,000	25,000	30,000	35,000	40,000	45,000
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	10,650	10,515	10,310	10,050	9,720	9,290
Debt Service	(77,228)	(72,843)	(68,884)	(64,018)	(60,138)	(83,867)
Transfers Out	(187,000)	(188,000)	(196,500)	(197,500)	(198,500)	(199,500)
Net Change	(20,310)	39,076	21,400	15,255	11,961	2,773
Fund Equity, beginning	7,178,612	7,158,302	7,197,378	7,218,778	7,234,033	7,245,994
Fund Equity, ending	\$7,158,302	\$7,197,378	\$7,218,778	\$7,234,033	\$7,245,994	\$7,248,767
Months of oper/cap coverage	6.6	6.7	6.6	5.9	7.1	7.4
Cash balance	\$1,963,697	\$2,082,738	\$2,141,965	\$2,191,617	\$2,486,235	\$2,599,741
Capital costs	\$ 905,800	\$ 74,000	\$ 115,500	\$ 118,750	\$ 590,300	\$ 197,000
Unspent bond proceeds	\$ -					
General transfer percent of assets	1.42%	1.41%	1.46%	1.45%	1.40%	1.39%
Rate Increase (middle tier)	10.0%	0.0%	3.0%	3.0%	3.0%	3.0%
Change in utility charge revenue	10.8%	0.0%	3.0%	2.9%	3.0%	3.0%
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ 720,000	\$ 200,000
Debt payments (principal)	\$ 90,000	\$ 145,000	\$ 155,000	\$ 160,000	\$ 165,000	\$ 210,000
Debt balance (year end)	\$2,130,000	\$1,985,000	\$1,830,000	\$1,670,000	\$2,225,000	\$2,215,000

**Sewer Fund  
Capital Summary**

Year	Replacements					Misc. Capital	Total Capital Costs
	Sewer Lines	Relining- Televising	Lift Stations	Additions			
2011	\$ 20,000	\$ 675,000	\$ 200,000	\$ -	\$ 10,800	\$ 905,800	
2012	65,000	-	-	-	9,000	74,000	
2013	65,000	-	-	-	10,500	75,500	
2014	118,750	-	30,000	-	10,000	158,750	
2015	49,500	500,000	30,000	-	10,800	590,300	
2016	112,000	-	75,000	-	10,000	197,000	
2017	60,000	70,000	25,000	-	13,800	168,800	
2018	92,000	-	25,000	-	-	117,000	
2019	109,000	950,000	-	40,000	-	1,099,000	
2020	109,000	-	30,000	-	-	139,000	
2021	-	232,000	-	-	-	232,000	
2022	-	239,000	30,000	-	-	269,000	
2023	-	246,000	-	-	-	246,000	
2024	-	253,000	40,000	-	-	293,000	
2025	-	261,000	60,000	-	-	321,000	
2026	-	269,000	90,000	-	-	359,000	
2027	-	277,000	-	-	-	277,000	
2028	-	285,000	-	-	-	285,000	
2029	-	294,000	40,000	-	-	334,000	
2030	-	303,000	-	-	-	303,000	
2031	-	312,000	-	-	-	312,000	
2032	-	321,000	400,000	-	-	721,000	
2033	-	331,000	400,000	-	-	731,000	
2034	-	341,000	250,000	-	-	591,000	
2035	-	351,000	400,000	-	-	751,000	
2036	-	362,000	280,000	-	-	642,000	
2037	-	373,000	140,000	-	-	513,000	
2038	-	384,000	-	-	-	384,000	
2039	-	396,000	-	-	-	396,000	
2040	-	408,000	-	-	-	408,000	
2041	-	420,000	-	-	-	420,000	
2042	-	433,000	-	-	-	433,000	
2043	-	446,000	40,000	-	-	486,000	
2044	-	459,000	-	-	-	459,000	
2045	-	473,000	-	-	-	473,000	
2046	-	487,000	350,000	-	-	837,000	
2047	-	502,000	70,000	-	-	572,000	
2048	-	517,000	70,000	-	-	587,000	
2049	-	533,000	100,000	-	-	633,000	
2050	-	549,000	110,000	-	-	659,000	
2051	-	565,000	75,000	-	-	640,000	
2052	-	582,000	-	-	-	582,000	
2053	-	599,000	-	-	-	599,000	
2054	-	617,000	-	-	-	617,000	
2055	-	636,000	-	-	-	636,000	
2056	-	655,000	50,000	-	-	705,000	



## Surface Water Management Fund

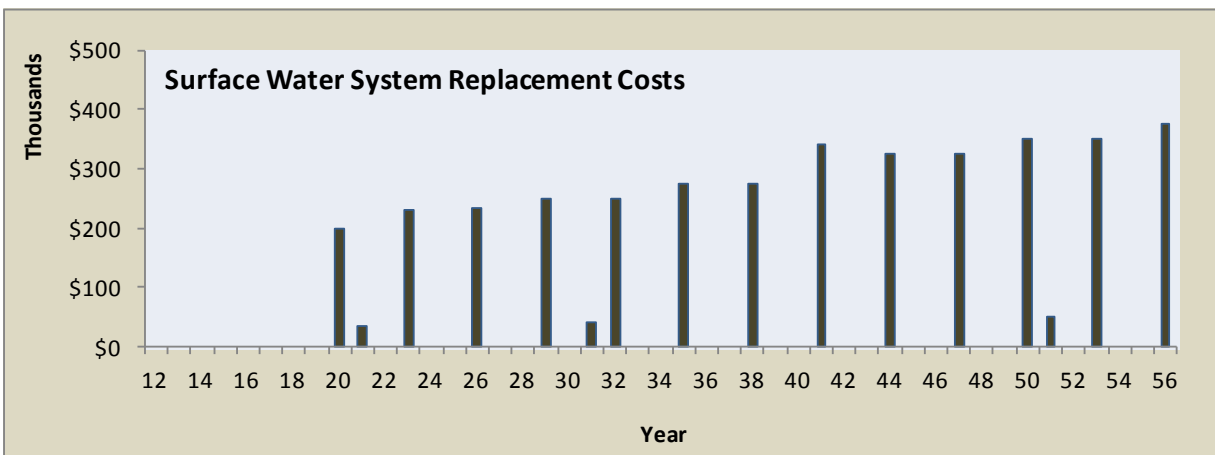
The City's surface water system collects and directs storm water runoff and provides protections for ground water quality. The program is designed to preserve and use natural water storage and retention systems as much as practical to reduce capital expenditures necessary to:

- Control excessive volumes and rates of runoff
- Improve ground water quality
- Prevent flooding and erosion from surface water flows
- Promote ground water recharge
- Protect and enhance fish and wildlife habitat
- Protect lake water quality

The program seeks to prevent flooding and improve ground water quality through utilization of wetlands, ponds and artificial detention areas. Wetland management allows the City to improve water quality and reduce City maintenance efforts through efforts such as sediment removal.

The operating projections on the next page show that planned adjustments to the City's surface water rates will adequately support operating and capital costs.

Significant surface water system costs planned for the near future include: storm system repairs and replacements, improvements, pond dredging, lift station controls, and storm improvements in conjunction with street renewal projects.



<b>Surface Water Fund</b>	2011 Estimate	2012 Budget	2013 Budget	2014 Projected	2015 Projected	2016 Projected
<b>Revenue</b>						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	960,600	1,056,000	1,162,000	1,212,000	1,264,000	1,318,000
Late Fees/Utility Charges	-	-	-	-	-	-
Snail Lake Augmentation Chgs	46,109	48,462	48,101	47,643	48,885	48,463
Other Charges	5,000	5,000	5,000	5,000	5,000	5,000
Other Revenues	-	-	-	-	-	-
Total Revenue	1,011,709	1,109,462	1,215,101	1,264,643	1,317,885	1,371,463
<b>Expense</b>						
Enterprise Operations	702,138	760,233	756,856	763,550	788,684	819,580
Miscellaneous	-	-	-	-	-	-
Depreciation	208,000	218,000	223,000	228,000	235,000	240,000
Total Expense	910,138	978,233	979,856	991,550	1,023,684	1,059,580
<b>Operating Income (Loss)</b>	101,571	131,229	235,245	273,093	294,201	311,883
<b>Other Sources (Uses)</b>						
Interest Earnings	16,000	24,000	28,000	31,000	25,000	30,000
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	3,860	3,815	3,750	3,660	3,550	3,400
Debt Service	(92,047)	(85,602)	(75,594)	(88,060)	(77,089)	(101,728)
Transfers Out	(97,000)	(107,000)	(126,900)	(136,900)	(141,900)	(151,900)
Net Change	(67,616)	(33,558)	64,501	82,793	103,762	91,655
Fund Equity, beginning	7,406,507	7,338,891	7,305,333	7,369,834	7,452,627	7,556,389
Fund Equity, ending	\$ 7,338,891	\$ 7,305,333	\$ 7,369,834	\$ 7,452,627	\$ 7,556,389	\$ 7,648,044
Months of oper/capital coverage	5.7	2.6	5.1	2.2	5.4	8.5
Cash balance	\$ 728,612	\$ 285,988	\$ 698,691	\$ 296,842	\$ 841,623	\$ 1,168,159
Capital costs	\$ 211,667	\$ 369,000	\$ 121,400	\$ 424,100	\$ 345,900	\$ 541,900
Unspent bond proceeds						
General transfer percent of assets	0.46%	0.53%	0.64%	0.69%	0.71%	0.73%
Rate Increase (homes)	10.0%	10.0%	10.0%	4.3%	4.3%	4.3%
Change in utility charge revenue	11.0%	9.9%	10.0%	4.3%	4.3%	4.3%
Debt issued	\$ -	\$ -	\$ 510,000	\$ -	\$ 810,000	\$ 840,000
Debt payments (principal)	\$ 225,000	\$ 255,000	\$ 260,000	\$ 285,000	\$ 255,000	\$ 300,000
Debt balance (year end)	\$ 2,555,000	\$ 2,300,000	\$ 2,550,000	\$ 2,265,000	\$ 2,820,000	\$ 3,360,000

**Surface Water Management Fund**  
**Capital Summary**

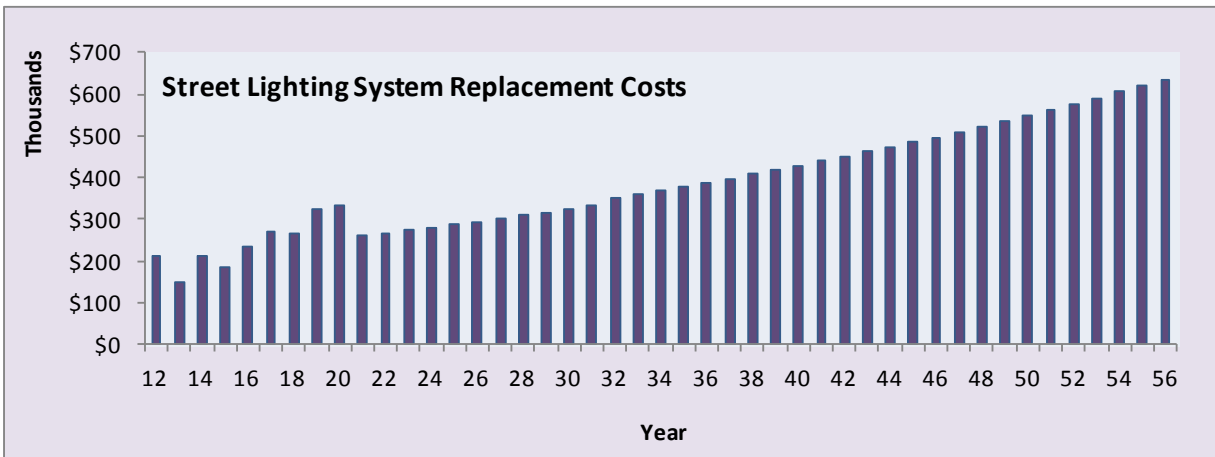
Year	Replacements			Misc. Capital	Total Capital Costs
	Storm Systems	Controls	Additions		
2011	\$ -	\$ 46,000	\$ 165,667	\$ -	\$ 211,667
2012	-	-	369,000	-	369,000
2013	-	-	121,400	-	121,400
2014	-	-	424,100	-	424,100
2015	-	-	345,900	-	345,900
2016	-	-	541,900	-	541,900
2017	-	-	374,900	-	374,900
2018	-	-	546,000	-	546,000
2019	-	-	550,600	-	550,600
2020	200,000	-	495,600	-	695,600
2021	-	35,000	65,000	-	100,000
2022	-	-	65,000	-	65,000
2023	230,000	-	125,000	-	355,000
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	235,000	-	-	-	235,000
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	250,000	-	-	-	250,000
2030	-	-	-	-	-
2031	-	40,000	-	-	40,000
2032	250,000	-	-	-	250,000
2033	-	-	-	-	-
2034	-	-	-	-	-
2035	275,000	-	-	-	275,000
2036	-	-	-	-	-
2037	-	-	-	-	-
2038	275,000	-	-	-	275,000
2039	-	-	-	-	-
2040	-	-	-	-	-
2041	300,000	40,000	-	-	340,000
2042	-	-	-	-	-
2043	-	-	-	-	-
2044	325,000	-	-	-	325,000
2045	-	-	-	-	-
2046	-	-	-	-	-
2047	325,000	-	-	-	325,000
2048	-	-	-	-	-
2049	-	-	-	-	-
2050	350,000	-	-	-	350,000
2051	-	50,000	-	-	50,000
2052	-	-	-	-	-
2053	350,000	-	-	-	350,000
2054	-	-	-	-	-
2055	-	-	-	-	-
2056	375,000	-	-	-	375,000

## Street Lighting Fund

Street lighting operations provide support for safe vehicle and pedestrian traffic throughout the community and the system includes lights owned by the City as well as lights leased from Xcel Energy. The City's Street Lighting Fund was created in 2004 in an effort to recover operating and replacement costs through user fees. Operation and maintenance of the street lighting system includes periodic rewiring of lights, energy costs, street light repairs, and complete replacement of lights.

Street light additions, replacements, repairs and energy costs have the most significant impact on the street lighting budget and rates. Repair and energy costs account for two-thirds of the street lighting budget, and replacement costs are expected to increase steadily as the oldest lights in the City are replaced.

The operating projections on the next page show that planned adjustments to the City's street lighting rates will adequately support operating and capital costs.



<b>Street Lighting Fund</b>	2011 Estimate	2012 Budget	2013 Budget	2014 Projected	2015 Projected	2016 Projected
<b>Revenue</b>						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	365,000	456,000	474,000	493,000	513,000	533,000
Late Fees/Utility Charges	-	-	-	-	-	-
Other Revenues	500	500	500	500	500	500
Total Revenue	365,500	456,500	474,500	493,500	513,500	533,500
<b>Expense</b>						
Enterprise Operations	242,099	251,740	259,451	267,096	276,186	285,166
Miscellaneous	-	-	-	-	-	-
Depreciation	40,000	40,000	48,000	55,000	60,600	65,000
Total Expense	282,099	291,740	307,451	322,096	336,786	350,166
<b>Operating Income (Loss)</b>	83,401	164,760	167,049	171,404	176,714	183,334
<b>Other Sources (Uses)</b>						
Interest Earnings	2,500	2,500	2,700	2,700	3,000	3,000
Contributed Capital Assets	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	(12,600)	(15,600)	(19,000)	(22,000)	(24,000)	(26,500)
Net Change	73,301	151,660	150,749	152,104	155,714	159,834
Fund Equity, beginning	711,201	784,502	936,162	1,086,911	1,239,015	1,394,729
Fund Equity, ending	\$ 784,502	\$ 936,162	\$ 1,086,911	\$ 1,239,015	\$ 1,394,729	\$ 1,554,563
Months of oper/capital coverage	4.6	4.5	4.8	5.0	5.1	5.4
Cash balance	\$ 200,484	\$ 181,144	\$ 219,893	\$ 226,997	\$ 258,311	\$ 249,145
Capital costs	\$ 63,450	\$ 211,000	\$ 160,000	\$ 200,000	\$ 185,000	\$ 234,000
General transfer percent of assets	0.60%	0.70%	0.76%	0.83%	0.85%	0.83%
Rate Increase	5.0%	25.0%	4.0%	4.0%	4.0%	4.0%

**Street Lighting Fund  
Capital Summary**

	Replacements					Total Capital Costs
Year	Allowance		Street Projects	Additions	Misc. Capital	
2011	\$	63,450	\$ -	\$ -	\$ -	\$ 63,450
2012		150,000	61,000	-	-	211,000
2013		150,000	-	-	-	150,000
2014		150,000	60,000	-	-	210,000
2015		150,000	35,000	-	-	185,000
2016		150,000	84,000	-	-	234,000
2017		235,330	35,000	-	-	270,330
2018		241,220	25,000	-	-	266,220
2019		247,230	78,750	-	-	325,980
2020		253,410	78,750	-	-	332,160
2021		259,740	-	-	-	259,740
2022		266,240	-	-	-	266,240
2023		272,900	-	-	-	272,900
2024		279,710	-	-	-	279,710
2025		286,720	-	-	-	286,720
2026		293,890	-	-	-	293,890
2027		301,250	-	-	-	301,250
2028		308,770	-	-	-	308,770
2029		316,480	-	-	-	316,480
2030		324,380	-	-	-	324,380
2031		332,480	-	-	-	332,480
2032		351,450	-	-	-	351,450
2033		360,230	-	-	-	360,230
2034		369,240	-	-	-	369,240
2035		378,480	-	-	-	378,480
2036		387,950	-	-	-	387,950
2037		397,650	-	-	-	397,650
2038		407,590	-	-	-	407,590
2039		417,780	-	-	-	417,780
2040		428,240	-	-	-	428,240
2041		438,930	-	-	-	438,930
2042		449,920	-	-	-	449,920
2043		461,180	-	-	-	461,180
2044		472,700	-	-	-	472,700
2045		484,510	-	-	-	484,510
2046		496,620	-	-	-	496,620
2047		509,030	-	-	-	509,030
2048		521,760	-	-	-	521,760
2049		534,800	-	-	-	534,800
2050		548,160	-	-	-	548,160
2051		561,860	-	-	-	561,860
2052		575,920	-	-	-	575,920
2053		590,300	-	-	-	590,300
2054		605,060	-	-	-	605,060
2055		620,170	-	-	-	620,170
2056		635,680	-	-	-	635,680

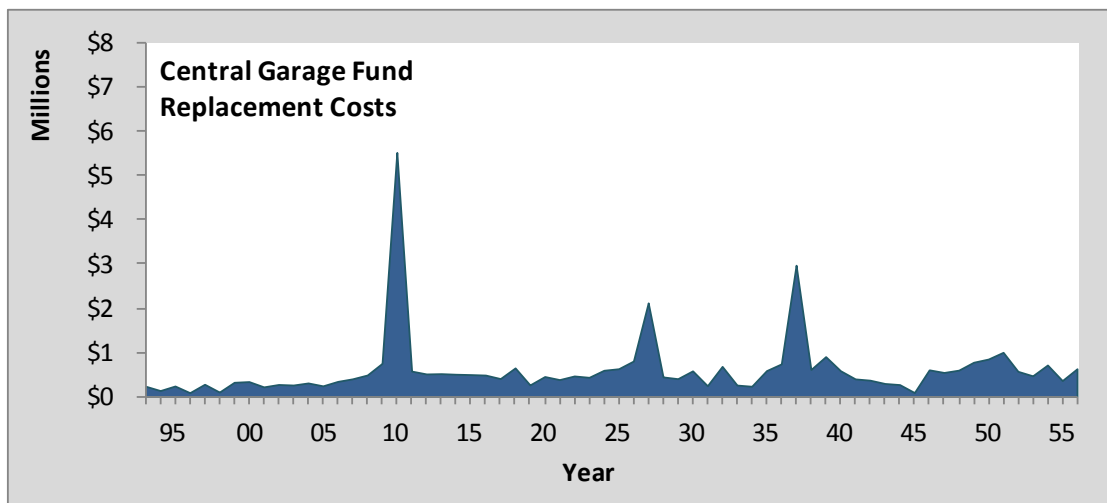
## Central Garage Fund

The Central Garage Fund supports operating costs, acquisition and replacement of vehicles and equipment, and maintenance of the garage facility. In turn, activities which use equipment pay inter-fund charges (equipment and building fees) to the fund. These charges are revised annually and are set based on projected operating costs, capital replacement needs, and anticipated capital additions.

The strategy used by the City when establishing rental fees is to consider a long-range view, because the fees are designed to increase gradually over time. Since capital needs vary from year to year, it is desirable to smooth out the impact on operating funds to avoid sharp increases and decreases in the resources that ultimately finance rental charges. For this reason, fund equity and cash balances are expected to rise and fall from year to year. In order to ensure that adequate balances are preserved, the City has established a minimum guideline for the Central Garage Fund cash balances equal to one half of annual operating costs.

Over the next twenty years the Central Garage Fund will provide for the replacement of approximately \$11 million in garage assets. The graph below shows historical and projected replacement costs.

Operating projections are presented on the next page.



<b>Central Garage Fund</b>	2011 Estimate	2012 Budget	2013 Budget	2014 Projected	2015 Projected	2016 Projected
<b>Revenue</b>						
Property Taxes	\$ 98,000	\$ 216,000	\$ 184,000	\$ 184,000	\$ 208,000	\$ 208,000
Central Garage Charges	1,109,080	1,137,680	1,153,020	1,181,090	1,192,490	1,192,790
Total Revenue	1,207,080	1,353,680	1,337,020	1,365,090	1,400,490	1,400,790
<b>Expense</b>						
Central Garage	546,685	576,564	590,407	607,605	623,481	639,873
Depreciation	646,000	673,000	696,000	716,000	715,000	720,000
Total Expense	1,192,685	1,249,564	1,286,407	1,323,605	1,338,481	1,359,873
<b>Operating Income (Loss)</b>	14,395	104,116	50,613	41,485	62,009	40,917
<b>Other Sources (Uses)</b>						
Interest Earnings	25,000	22,000	22,000	22,000	26,000	28,000
Other Revenues	-	-	-	-	-	5,000
Sale of Asset-Gain (Loss)	37,000	12,000	41,000	22,000	34,000	51,000
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	-	120,715	86,530	85,570	83,920	81,840
Debt Service	(250,112)	(247,157)	(243,128)	(238,054)	(234,187)	(223,862)
Transfers In	180,600	180,600	200,900	200,900	200,900	200,900
Transfers Out	(13,000)	-	-	-	-	(11,000)
Net Change	(6,117)	192,274	157,915	133,901	172,642	172,795
Fund Equity, beginning	3,475,830	3,469,713	3,661,987	3,819,902	3,953,803	4,126,445
Fund Equity, ending	\$ 3,469,713	\$ 3,661,987	\$ 3,819,902	\$ 3,953,803	\$ 4,126,445	\$ 4,299,240
Months of oper/cap coverage [1]	7.2	9.0	9.7	10.4	11.3	12.1
Cash balance	\$ 1,212,962	\$ 1,540,885	\$ 1,666,564	\$ 1,795,696	\$ 1,977,292	\$ 2,133,967
Capital costs	\$ 462,798	\$ 511,500	\$ 518,000	\$ 505,000	\$ 497,000	\$ 506,000
Interfund charges percent change	6.3%	2.6%	1.3%	2.4%	1.0%	0.0%
Average annual percent change	9.1%					1.2%
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ -	\$ 100,000	\$ 245,000	\$ 245,000	\$ 250,000	\$ 255,000
Debt balance (year end)	\$ 5,615,000	\$ 5,515,000	\$ 5,270,000	\$ 5,025,000	\$ 4,775,000	\$ 4,520,000
[1] Excluding maintenance center expansion project						



**Central Garage Fund**  
**Capital Summary**

Year	Estimated Replacement Costs						Total Capital Costs
	Buildings			Machinery, Vehicles		Additions	
	Buildings	Parking/ Driveways	Description	Equipment	Other		
2011	\$ 134,000	\$ -	Bldg renovation	\$ 424,798	\$ 17,500	\$ 7,500	\$ 583,798
2012				476,500	35,000		511,500
2013				493,000	25,000		518,000
2014				480,000	25,000		505,000
2015				472,000	25,000		497,000
2016				443,000	43,000	20,000	506,000
2017		12,300		344,000	50,000	10,000	416,300
2018				599,000	50,000	27,000	676,000
2019				212,000	50,000	10,000	272,000
2020				403,000	50,000	28,000	481,000
2021	45,000			288,000	50,000	10,000	393,000
2022				416,000	50,000	29,000	495,000
2023				385,000	50,000	10,000	445,000
2024	50,000			495,000	50,000	30,000	625,000
2025		15,000		565,000	50,000	10,000	640,000
2026				755,000	50,000	31,000	836,000
2027	1,500,000			576,000	50,000	10,000	2,136,000
2028	55,000			339,000	50,000	32,000	476,000
2029				354,000	50,000	10,000	414,000
2030				532,000	50,000	33,000	615,000
2031	60,000			134,000	50,000	10,000	254,000
2032		18,600		615,000	50,000	34,000	717,600
2033				209,000	50,000	10,000	269,000
2034	65,000			117,000	50,000	35,000	267,000
2035		200,000		337,000	50,000	10,000	597,000
2036				690,000	50,000	36,000	776,000
2037	2,000,000			931,000	50,000	10,000	2,991,000
2038				562,000	50,000	37,000	649,000
2039		23,000		832,000	50,000	10,000	915,000
2040	75,000			460,000	50,000	38,000	623,000
2041				349,000	50,000	10,000	409,000
2042				320,000	50,000	39,000	409,000
2043	80,000			165,000	50,000	10,000	305,000
2044				220,000	50,000	40,000	310,000
2045				39,000	50,000	10,000	99,000
2046	85,000	28,100		442,000	50,000	41,000	646,100
2047				495,000	50,000	10,000	555,000
2048				548,000	50,000	42,000	640,000
2049	90,000			637,000	50,000	10,000	787,000
2050				800,000	50,000	43,000	893,000
2051				953,000	50,000	10,000	1,013,000
2052				521,000	50,000	44,000	615,000
2053		35,000		384,000	50,000	10,000	479,000
2054				665,000	50,000	45,000	760,000
2055	75,000			236,000	50,000	10,000	371,000
2056				580,000	50,000	50,000	680,000

# Comprehensive Infrastructure Replacement Policy (Adopted October 15, 1996)

## Introduction

The City of Shoreview is nearing full development, making replacement of its aging infrastructure of critical importance. Council members and management staff have deemed it necessary to adopt this comprehensive infrastructure replacement policy in order to facilitate the financial planning necessary to accommodate the timely replacement of assets, and to accommodate the following concerns.

- Providing for future replacements of infrastructure is a priority incorporated into the City of Shoreview's short and long term financial planning.
- Financing replacement costs is a difficult challenge for governmental entities throughout the country.
- Implementing replacement efforts at the appropriate time is considered necessary for national economic recovery.
- Maintaining reasonable tax levies and user fees, strong financial condition, moderate debt levels, and high bond ratings are priorities of the City.

## I. Objectives - This infrastructure replacement plan is designed to:

- A. **Create a permanent program** including a plan that shall be updated annually during the budget process. The replacement estimates and cash flow projections in the plan will be used to determine tax levies and user fees.
- B. **Moderate annual increases in the tax levy and user fees** by taking a long-term view of the revenue sources used to finance capital replacements.
- C. **Carefully plan for new debt** by requiring a long-term emphasis on rate setting because capital costs fluctuate from year to year. The long-term emphasis is desirable because capital replacement costs if funded exclusively through current revenues, would cause the citizens and business owners to experience dramatic annual changes in tax and utility bills.
- D. **Avoid assessing property owner twice** for the same improvement. Special assessments for any given improvement will be levied against a property only once. The City, as a whole, is primarily responsible for the payment of replacement and rehabilitation costs. The maximum cost to be assessed for any reconstruction and/or rehabilitation improvement is limited to the cost of added improvements plus a proportionate share of project engineering and administrative costs. The street renewal policy, attached, specifically addresses special assessments against benefited properties for street reconstruction, rehabilitation and resurfacing.

## II. General Assets - Capital costs associated with the replacement of general assets are accounted for in two capital project revolving funds, including the Street Renewal Fund, and the General Fixed Asset Replacement (GFAR) Fund. These funds accumulate resources dedicated for eligible capital replacements. Annual appropriations are made in the capital improvement program.

- A. **Requirements** which apply to both the Street Renewal and GFAR Funds include:
  - 1. Expenditures shall be limited to eligible capital replacement costs as described for each fund.
  - 2. Replacement projections shall be prepared for a minimum of forty years.

3. Investment interest earned within each fund shall remain in the fund.
  4. Inter-fund loans are subject to City Council approval and must be repaid with interest at the average rate of return on the City's investment portfolio. The finance department will determine the annual interest rate to be charged on inter-fund loans.
  5. Expenditures for purposes outside of the eligible costs for general assets are allowed only under one of the following two procedures:
    - The City Council declares a financial emergency by at least a four fifths vote, or
    - The City Council conducts a public hearing to declare its intent and to invite public input. Notice must be provided to the public and to each newspaper of general circulation throughout the City at least 30 days prior to the hearing. The notice shall include the amount and intended purpose of the proposed expenditure.
- B. **Street Renewal** - The Street Renewal fund was created in 1985 with an initial contribution of two million dollars from savings realized from a major bond defeasance in 1984. The fund provides a permanent program to manage, finance and implement the reconstruction, rehabilitation and resurfacing of residential streets within the City. The street renewal policy attached outlines design standards and the use of special assessments for new improvements. The following requirements are established for the Street Renewal Fund:
1. **Eligible capital costs** include the reconstruction, rehabilitation and resurfacing of residential streets. Property owners shall be assessed the estimated cost of added improvements and the street replacement cost shall be paid by the street renewal fund. Costs associated with the construction of new streets, water, sewer or storm improvements are not eligible capital costs in this fund.
  2. **Sources of revenue** include property taxes, investment interest and any additional monies the City may dedicate to residential street replacement in the future.
  3. **Minimum fund balances** of two million dollars shall be reserved and maintained so that an ongoing revenue stream from investment interest will be available. Capital replacement costs, which would cause a drop in fund balance below the initial contribution of two million dollars, shall not be allowed.
  4. **Use of bonding.** The street renewal fund shall have no direct outstanding debt. It is the intent of the City to finance the street renewal share of capital costs through the use of current resources. Transfers may be made to a debt service fund for the street renewal share of any project which is financed through the use of bonds provided that:
    - The street renewal monies are shown as a source of funding when the bond sale is authorized, and/or
    - The transfer is approved by the City Council in the budget document or through separate authorization.
- C. **General Fixed Asset Replacement Fund (GFAR)** was created in 1989 to collect revenues dedicated to the replacement and/or rehabilitation of general fixed assets. The fund provides a permanent program to manage and finance the replacement of assets accounted for in the general fixed asset account group. The following requirements are established for the GFAR fund:

1. **Eligible capital costs** include any replacement or rehabilitation costs for general fixed assets. Capital costs for new assets, or operating costs are not eligible. Assets reported in this account group include:
  - Public safety buildings and equipment
  - City hall building and furnishings
  - Community center building, furnishings and mechanical systems
  - Data processing systems
  - Park improvements and buildings
  - Trails
2. **Sources of revenue** include property taxes, investment interest and any additional monies the City may dedicate to general fixed asset replacements in the future.
3. **Minimum fund balances** are not required for the GFAR fund. Because of dramatic shifts in capital costs from year to year, no minimum fund balance is specified. However, capital costs, which would create a deficit, shall not be allowed.
4. **Use of bonding.** The GFAR fund shall have no direct outstanding debt. It is the intent of the City to finance most general fixed asset replacement costs through the use of current resources. However, on occasion the City may finance certain capital costs through the use of bonds, certificates of participation, equipment certificates, capital leases or some other financing mechanism. In these instances transfers may be made from the GFAR Fund to a debt service fund for the replacement portion of general fixed assets provided that:
  - The GFAR Fund is shown as a source of funding when the debt issue is authorized, and/or
  - The transfer is approved by the City Council in the budget document or through separate authorization.

**III. Proprietary Assets** - Capital costs associated with the replacement of proprietary assets are accounted for within three enterprise funds and one internal service fund. User fees charged by enterprise and internal service funds are designed to support operating and debt service expenses as well as capital replacements, additions and improvements that provide a citywide benefit.

- A. **Requirements** for the enterprise and internal service funds are general in nature because asset replacement is only one aspect of enterprise and internal service fund operations. For these funds the objective of this policy is to encourage long range thinking when establishing current user fees.
  1. **Replacement costs** shall be projected for a minimum of forty years.
  2. **Future system expansion** estimates (new improvements) shall be prepared for a minimum of ten years.
  3. **Operating projections** shall be prepared at least once every five years, and shall cover a period of twenty years.
  4. **User fees** shall be established each year based on operating, debt service and capital cost projections.

- B. **Enterprise Funds** account for the operations of utility services in a manner similar to private business enterprises. Each fund is designed so that the costs of providing goods and services to the public are recovered primarily through user charges, and depreciation is recognized for all assets. The City's enterprise funds include the Water Fund, Sewer Fund and the Surface Water Management (SWM) Fund. The following requirements are established for the City's enterprise funds:
1. **Sources of revenue** include all revenues collected by the enterprise funds. These typically include users fees (water, sewer and surface water), connection charges, area charges, investment interest and any additional monies the City may dedicate to enterprise operations.
  2. **Minimum cash balances** of one million dollars each in the Water and Sewer Funds are required. However, it is the City's intent to maintain Water and Sewer Fund cash balances in the amount of two million dollars or more for the majority of the years covered in the operating projections. Because the SWM fund has been in operation for less than one year, no minimum cash balance is required at this time.
  3. **Use of bonding.** It is the intent of the City to utilize operating and cash flow projections to determine the appropriate level of bonding in enterprise funds for capital costs on an annual basis. Capital cost projections, minimum cash balance requirements and projected increases in user fees will provide the basis for projected debt levels. Most capital costs financed through the use of general obligation revenue bonds will be repaid over ten to fifteen years. However, revenue bonds issued for large capital costs such as water towers, treatment facilities, trunk lines etc. may be repaid over twenty years if projected user fees, as a result of ten to fifteen year bonds, would be substantially higher than the rate of inflation.
- C. **Internal Service Fund.** The Central Garage Fund was created in 1984 to provide for the operation of the maintenance garage, as well as the operation, maintenance, replacement and acquisition of central garage equipment. The Central Garage Fund charges motor pool and building charges to all departments on a cost-reimbursement basis for the use of equipment and the maintenance facility. The following requirements are established for the Central Garage Fund:
1. **Sources of revenue** include investment interest and fees charged to departments, funds and outside organizations.
  2. **Minimum cash balances** equal to one half of annual operating costs are required.
  3. **Use of bonding.** It is the intent of the City to finance most central garage capital costs through the use of current resources. However, when financing large capital costs with current resources would cause the cash balance of the fund to drop below two hundred thousand, or when projected increases in user fees would be substantially higher than the rate of inflation the City may choose to finance capital costs with general obligation equipment certificates. Equipment certificates will be repaid over a period of no more than five years, as provided by state statutes.

## Street Renewal Policy (Amended October 21, 1996)

### I. Intent

It is the intent and purpose of this policy to maintain a permanent program to manage, finance and implement the reconstruction or rehabilitation of the streets within the City of Shoreview. This policy is intended to allow the City to adequately plan for the major capital costs that will ultimately occur as the City's existing streets age and deteriorate. It is also the intent of this policy to create a financing and payment system that will be fair and equitable to all property owners within the City during future years as it becomes necessary to reconstruct or rehabilitate the City's street system.

### II. Eligible Projects

Street improvement projects eligible under this policy consist of improvements to existing paved public streets within the City, which are in public use and which are maintained by the City. Unimproved, unmaintained public rights-of-way are not eligible. Street improvements to Ramsey County roadways or State highways located within the City, which are performed as a joint City/County or City/State project, under the terms of an agreement that obligates the City to participate in the cost of the improvement, are also eligible for this policy.

No street improvement project shall be initiated under this policy until all underground utilities that are or will be located within the roadway area have been inspected and determined to be adequate, or have been repaired or rehabilitated to a condition that will provide a projected useful life of the utility in excess of the anticipated useful life of the new or rehabilitated roadway. In addition, all future publicly-owned underground utility systems that will be required for the ultimate development and service of the project area must be installed prior to the implementation of street improvements under this policy.

The rehabilitation, replacement, or installation of new sanitary sewer, water systems or storm drainage systems, which are required to satisfy this policy, shall not be considered as an element of the street improvement program. Such underground utility improvements, which are required in advance or at the time of the street improvement project, shall be implemented by the City under the prevailing policies and regulations for such utility improvements, and the costs involved in such utility improvements shall not be included as a cost of the street improvement project. Minor modifications to utility systems, which are required to facilitate the new street, such as manhole, catch basin, and valve adjustments, shall be considered as an element of the street project.

The City shall perform a detailed inventory of all City streets that are eligible for improvement under this policy, and maintain such information in an automated Pavement Management Program (PMP). The PMP shall measure and document the condition of all City streets, taking into account such factors as surface texture and wear, the extent of cracking, the roughness, adequacy of drainage and such other factors that will assist in the evaluation of the roadway. The data collected by the PMP shall be evaluated by the City Engineer and, based on that evaluation; the City shall prepare a comprehensive schedule and cost estimate for the anticipated street improvements. In addition, a Capital Improvement Program (CIP) shall be prepared which shall identify the estimated cost, sequence, and schedule in which projects should be implemented. The PMP shall be reviewed and updated every four years, and a new cost estimate, rating, and CIP shall be prepared with each update of the PMP.

### III. Design Standards

All City streets, except those streets on the Municipal State Aid Street System (MSA) shall be designed to a uniform performance standard. The basic standards shall be a 32-foot width measured from face of curb, a pavement and base section adequate for a 7-ton loading based upon the characteristics of the underlying sub grade soils, and it shall include concrete curb and gutter. In areas where platted right-of-ways and/or existing land uses make the consideration of 32-foot-wide streets impractical, the City shall analyze the feasibility of narrower streets. Such analysis shall include emergency service needs, existing topography, access issues, cost, and other factors deemed appropriate. The specific design details, specifications and material standards used for a street improvement project shall generally conform to the City's ordinances and procedures, applicable at the time the project is implemented.

To the maximum extent possible, the existing streets and in-place materials shall be used or left in place. Seal coating, crack-filling and pavement overlay strategies will be used to rehabilitate roadways when deemed cost-effective through analysis of the City's Pavement Management Program. Existing concrete curb shall be left in place if its condition is adequate for the anticipated life of the new or rehabilitated pavement. In-place pavement and aggregate base materials shall be recycled and reused when it is determined that it is the most cost-effective method.

Design standards for City streets that are on the MSA system shall be as required by the MSA regulations. Design standards for Ramsey County or Mn/DOT roadways shall be determined by each respective agency.

### IV. Payment and Financial Program

It is the intent of this policy that the City, as a whole, is primarily responsible for the payment of the street replacement and rehabilitation program. It is also the intent of this policy to identify the specific benefits that are created by the street improvements to the adjacent properties, specifically the enhancement of property values as a result of the adjacent street improvements.

The financial program shall consist of the following elements:

- A. The City shall designate, to the maximum extent possible, all of its available MSA mileage allocation, with the objective of securing the maximum amount of MSA funds for use in conjunction with the Street Renewal Program.
- B. The City will maintain a permanent Street Renewal Fund from which the majority of the cost of the street renewal program shall be paid. The Street Renewal Fund shall be reviewed periodically, and adjustments to the policy shall be made where necessary to assure the adequacy of the fund.
- C. The City shall levy special assessments on adjacent benefiting properties when the street improvement project includes the installation of concrete curb and gutter in locations where concrete curb and gutter did not exist prior to the improvement.

The cost to be assessed to abutting properties shall be a portion of the cost to bring the street up to a modern standard, being approximately equal to the cost of new concrete curb and gutter, including a proportionate share of all project Engineering and Administrative costs of the improvement. The assessment rate shall be computed on a per-lot unit basis, with a lot unit being defined as a platted single-family residential lot or equivalent which, according to current Shoreview code, cannot be further subdivided for R-1 detached residential. A lot unit dimension may be set as the average width based on detached residential/R-1 lots within the improvement area.

In computing the assessable units, consideration shall be given to properties that can be further subdivided into lot units. All properties other than single family residential (R-1 detached residential) such as parks, attached and detached residential, high-density, residential, churches, schools, offices, commercial and industrial properties shall be superficially subdivided to determine the assessable lot units or part thereof. To reflect the number of increased traffic generation by commercial, industrial, and high-density residential properties, a factor of 2 will be applied to determine the rate of assessment for properties of these types.

Benefits from street renewal improvements shall be considered to extend a minimum of 130 feet each side of the street right-of-way. A half-unit width shall be considered on corner lots where both streets are not currently being improved. Lots fronting on or immediately adjacent to more than one improved public street shall not be doubly assessed.

If a street renewal project is requested to be constructed to a greater width and/or thickness than the standard by the abutting property owners, then the excess cost above that of the standard reconstruction cost shall be fully assessed to those properties.

If a property has been assessed on a lot unit basis for a public improvement, and subsequently a property division is made creating additional lot units, then a supplemental charge shall be made to the property at the same rate which applied under the original assessments.

The assessment process shall be carried out in accordance with Minnesota Statutes Chapter 429. The assessment rate shall be on a per-lot unit basis and shall be calculated and processed in accordance with the current City Street Renewal Program and Unit Assessment Policy.

No special assessments shall be levied in situations with existing concrete curb and gutter.

## V. Implementation Procedures

- A. Consideration of a street for improvement under this policy shall be initiated by any of the following:
  - 1. Petition by the adjacent property owners.
  - 2. Recommendation by the City staff based upon the Capital Improvement Program (CIP) and/or the Pavement Management Program (PMP).
  - 3. Request by Ramsey County and/or Mn/DOT for City participation in a joint improvement.
  - 4. Initiation by City Council.
- B. If the City Council determines that it is desirable to consider the project, an engineering feasibility study shall be prepared. The study shall examine the need for the project, its relative priority to other streets that are in need of improvement, the extent of utility repairs and improvements required in advance of the street improvement, and the cost and financial considerations. If the proposed project includes special assessments, all subsequent work and activities shall be performed in accordance with the applicable provisions of the MSA regulations, current City policy, and Minnesota Statutes Chapter 429.
- C. Following the Public Hearing, the Council will either order the work or reject the project.

Adopted by the Shoreview City Council on the 21st day of October 1996.